Tuesday 5 November 2019
Commencing at 1.00pm
Waimakariri District Council Chamber
215 High Street
Rangiora

Members:
Mayor Dan Gordon
Deputy Mayor Neville Atkinson
Councillor Kirstyn Barnett
Councillor Al Blackie
Councillor Robbie Brine
Councillor Wendy Doody
Councillor Niki Mealings
Councillor Philip Redmond
Councillor Sandra Stewart
Councillor Joan Ward
Councillor Paul Williams
The Mayor and Councillors

WAIMAKARIRI DISTRICT COUNCIL

A meeting of the WAIMAKARIRI DISTRICT COUNCIL will be held in the COUNCIL CHAMBER, 215 HIGH STREET, RANGIORA on TUESDAY 5 NOVEMBER 2019 at 1.00PM.

Sarah Nichols
GOVERNANCE MANAGER

Recommendations in reports are not to be construed as Council policy until adopted by the Council

BUSINESS

Page No

1. APOLOGIES

2. CONFLICTS OF INTEREST

Conflicts of interest (if any) to be reported for minuting.

3. COUNCILLORS’ DECLARATIONS

The Waimakariri District Council adheres to the following legislation with regard to the swearing in of elected members

3.1. Local Government Act 2002 - Schedule 7 – Clause 14: Declaration by Member

(1) A person may not act as a member of a local authority until—

(a) that person has, at a meeting of the local authority following the election of that person, made an oral declaration in the form set out in subclause (3); and

(b) a written version of the declaration has been attested as provided under subclause

(2). The written declaration must be signed by the member and witnessed by—

(a) the chairperson; or

(b) the mayor; or

(c) a member of the local authority; or

(d) the chief executive of the local authority; or

(e) in the absence of the chief executive, some other officer appointed by the chief executive.

(3) The form of the declaration must consist of the following elements:
Declaration by Councillor member

“I, (name), declare that I will faithfully and impartially, and according to the best of my skill and judgment, execute and perform, in the best interests of Waimakariri District, the powers, authorities, and duties vested in, or imposed upon, me as [mayor or member] of the Waimakariri District Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act.

Dated at: [place, date]s

Signature:

Signed in the presence of:

[mayor or chief executive of local authority]”.

The Mayor will receive and witness Councillor declaration from:

- Al Blackie

4. ACKNOWLEDGEMENTS

5. CONFIRMATION OF MINUTES

5.1. Minutes of a meeting of the Waimakariri District Council held on 25 October 2019

RECOMMENDATION

THAT the Council:

(a) Confirms as a true and correct record the circulated minutes of a meeting of the Waimakariri District Council held on Friday 25 October 2019.

MATTERS ARISING

6. COUNCIL MINUTES FOR INFORMATION

6.1. Minutes of a meeting of the Waimakariri District Council held on 8 October 2019

RECOMMENDATION

THAT the Council:

(a) Receives the minutes for information.
7. DEPUTATIONS AND PRESENTATIONS

8. REPORTS

8.1. Local Government Funding Agency (LGFA) Annual Meeting 21 November 2019 – Geoff Millward (Manager Finance and Business Support)

RECOMMENDATION

THAT the Council:

(a) Receives report No. 191030150434.

(b) Notes the Local Government Funding Agency has advised that its Annual Meeting will be held on 21 November 2019 in Wellington;

(c) Appoints Craig Stobo (Chairman, LGFA) to attend the Annual Meeting as the shareholder representative for Waimakariri District Council;

(d) Appoints Mark Butcher (Chief Executive LGFA) as Council’s proxy should Craig Stobo Chairman be unable to attend the meeting; and

(e) Agrees that the proxy or alternate votes in favour of the following proposals which require ordinary shareholder resolutions:

   i. Linda Robertson is re-appointed to the Local Government Funding Agency’s board as an independent director;

   ii. Mike Timmer is re-appointed to the Local Government Funding Agency’s board as a non-independent director;

   iii. Auckland Council is re-elected to the Shareholders’ Council;

   iv. Western Bay of Plenty District Council is re-elected to the Shareholders’ Council;

   v. Increases to Directors’ remuneration

   vi. Changes to the Local Government Funding Agency’s foundation policies.

   vii. Changes to the Local Government Funding Agency’s Shareholders’ Agreement:

(f) Delegates the Manager Finance & Business Support to complete the proxy forms in accordance with the above decisions on behalf of the Council.
8.2. **Conflicts of Interests Register – Sarah Nichols (Governance Manager)**

**RECOMMENDATION**

**THAT** the Council:

(a) **Receives** report No. 191024149077.

(b) **Reviews** the Register of Interests content, recording any amendments. (Trim 1901024149079).

(c) **Notes** a Register of Interests will be republished in the December 2019 agenda and notes the Register of Interests is listed on the Council website.

(d) **Notes** amendments can be made at any time by notification to the Governance Manager.

(e) **Notes** the Register will be next reviewed by in February 2020, and thereafter June and December of each year through the 2019-22 electoral term.

(f) **Notes** a Register of Interests will be activated for the Community Boards in December 2019.

8.3. **Councillor Remuneration – Sarah Nichols (Governance Manager)**

**RECOMMENDATION**

**THAT** the Council:

(a) **Receives** report No. 191024148308.

(b) **Notes** the Mayoral remuneration, set by the Remuneration Authority is $137,500pa from 18 October 2019 to 30 June 2020.

(c) **Notes** the remuneration funding pool set by the Remuneration Authority for Councillors, including Deputy Mayor, is $488,448.

(d) **Notes** all nine (9) Councillors hold portfolios and all Chair a Committee through the electoral term, and are appointed to a Community Board.

(e) **Notes** the Deputy Mayor and Councillors remuneration will be conveyed to the Remuneration Authority before 22 November 2019 for formal authorisation.

(f) **Notes** Councillors will be paid at the base rate of $37,073pa until the Remuneration Authority gazettes and approves the Council recommendation of Councillor and Deputy Mayor remuneration.

(g) **Approves** the Deputy Mayor remuneration, from the funding pool, being $58,122.00 from 18 October 2019 to 30 June 2020.

(h) **Approves** nine (9) Councillors receiving $47,814.00, from the funding pool from 18 October 2019 to 30 June 2020.

(i) **Adopts** the Council and Community Board Expenses Policy from 18 October 2019 to 30 June 2020 (Trim 191025149183), noting it will be recorded with the Remuneration Authority.
(j) Circulates a copy of this report and the approved Expenses Policy to all Community Boards for their reference.

8.4. Membership and Terms of Reference of the Land and Water Committee – Sarah Nichols (Governance Manager) and Sophie Allen (Water Environment Advisor)

RECOMMENDATION

THAT the Council:

(a) Receives report No. 191024148460.

(b) Notes that the Land and Water Committee was approved in principle at the 25 October 2019 Council meeting.

(c) Notes the Land and Water Committee membership as resolved 25 October 2019 consists of Councillors Stewart as Committee Chair for the term, and Councillors Atkinson, Barnett, Blackie, Mealings and Williams.

(d) Adopts the following Land and Water Committee meeting schedule for the period to 31 December 2020 commencing at 9.30am on Thursdays (2nd Thursday of the month) being: 12 December 2019, 13 February 2020, 9 April 2020, 11 June 2020, 13 August 2020, 8 October and 10 December 2020.

(e) Notes the Terms of Reference/Delegations of the Land and Water Committee be reviewed in April 2020.

(f) Notes all appointments cease at the end of the 2019-22 Local Body Triennial term, being 8 October 2022, unless specifically altered by the Council.

(g) Circulates this report to Community Boards and the Waimakariri Water Zone Committee.

8.5. Appointments to Outside Committees, Advisory Groups and Outside Organisations – Mayor Dan Gordon

RECOMMENDATION

THAT the Council:

(a) Receives report No. 191023148151.

(b) Notes Mayor Gordon is ex-officio to all Committee and sub-committees of the Council.

(c) Notes all appointments cease at the end of the 2019-22 Local Body Triennial term, being 8 October 2022, unless appointed to a Council Controlled Organisation (CCO) or specifically altered by the Council.

(d) Appoints Mayor Gordon and Councillors Barnett and Mealings as Council’s representatives on the Waimakariri Youth Council.

(e) Appoints Councillor Atkinson as Council’s representative on the Waimakariri Passchendaele Advisory Group.
(f) Appoints Councillor Atkinson as Council’s representative on the Enshi Sister City Advisory Group.

(g) Appoints Mayor Gordon as the Council’s representative on the Canterbury Regional Council – Regional Land Transport Committee (RLTC).

(h) Appoints Mayor Gordon as the Council’s representative on the Canterbury Regional Council – Passenger Transport Advisory Group.

(i) Appoints Councillors Doody and Williams as the Council’s representatives on the Waimakariri Road Safety Co-ordinating Committee.

(j) Appoints Mr David Ayers to the Canterbury Museum Trust Board to 30 November 2022, subject to confirmation by the Hurunui District Council.

(k) Appoints Councillor Ward to the Canterbury Museum Trust Board Standing Committee.

(l) Approves the appointment of Hurunui Mayor Black to the Canterbury Water Management Strategy Regional Committee, subject to the agreement of the Hurunui and Kaikoura District Councils.

(m) Appoints Mayor Gordon as the Council’s representative on the Waitaha Primary Health Organisation.

(n) Appoints Mr Martin Pinkham as the Council’s representative on the Wellbeing North Canterbury Trust.

(o) Appoints Councillor Ward as the Council’s representative on the Waimakariri Access Group.

(p) Appoints Councillor Redmond to the Creative Communities NZ Assessment Committee.

(q) Appoints Councillor Blackie as the Council’s representative on the Waimakariri Community Arts Council.

(r) Appoints Councillor Blackie as the Council’s representative on the Waimakariri Art Collection Trust.

(s) Appoints Councillors Redmond and Doody as the Council’s representative on the North Canterbury Sport and Recreation Trust.

(t) Appoints Councillor Blackie as Chair to the Northern Pegasus Bay Advisory Group.

(u) Appoints Councillor Atkinson to the Waimakariri Safe Community Governance Group.

(v) Appoints Councillor Barnett to the Social Services Waimakariri Advisory Group

(w) Appoints Councillor Redmond to the Waimakariri Health Advisory Group.

(x) Appoints Councillor Doody to the Waimakariri Age Friendly Steering Group.
(y) Appoints Councillor Ward as the Council’s representative on the Rangiora Promotions Management Board.

(z) Appoints Councillor Doody as the Council’s representative on the Oxford Promotions Action Committee, noting Oxford-Ohoka Community Board will also appoint a member to the Oxford Promotions Action Committee.

(aa) Appoints Councillor Doody as the Council’s representative on the North Canterbury Museums’ Group.

(bb) Appoints Councillor Ward and Williams as the Council’s representative on the Rangiora Airfield Advisory Group.

(cc) Appoints Councillor Brine and authorises the Rangiora-Ashley Community Board to appoint a member as the Council’s representatives on the Southbrook Sports Club.

(dd) Appoints Councillor Doody to the Mandeville Sports Club Committee.

(ee) Appoints Councillor Blackie to the Te Kohaka O Tuhaitara Trust from 1 December 2019.

(ff) Appoints Councillor Redmond as the Council’s representative on the Canterbury Regional Council – Biosecurity Advisory Group (Northern).

(gg) Appoints Councillor Blackie to the Canterbury Regional Council – Waimakariri/ Eyre/Cust River Rating Committee.

(hh) Appoints Councillor Blackie to the Canterbury Regional Council – Ashley River Rating Committee.

(ii) Authorises the Woodend-Sefton Community Board to appoint a member as the Council’s representative on the Canterbury Regional Council – Sefton/Ashley and Sefton River Rating District Committees.

(jj) Notes that the appointment of a member as the Council’s representative on the Hurunui District Council – Ashley Rural Water Scheme Management Committee will be made at a later date by the Woodend-Sefton and Rangiora-Ashley Community Boards.

(kk) Appoints Councillor Blackie as the Council’s representative on the Clarkville Rural Drainage Advisory Group, noting Kaiapoi-Tuahiwi Community Board will also appoint a member to the Clarkville Rural Drainage Advisory Group.

(ll) Appoints Councillor Blackie as the Council’s representative on the Coastal Rural Drainage Advisory Group noting Kaiapoi-Tuahiwi and Woodend-Sefton Community Boards to also appoint members to the Coastal Rural Drainage Advisory Group.

(mm) Appoints Councillor Ward as the Council’s representative on the Central Rural Drainage Advisory Group, noting Kaiapoi-Tuahiwi and Rangiora-Ashley Community Boards will also appoint members to the Central Rural Drainage Advisory Group.

(nn) Appoints Councillor Mealings as the Council’s representative on the Ohoka Rural Drainage Advisory Group, noting Oxford-Ohoka
Community Board will also appoint a member to the Ohoka Rural Drainage Advisory Group.

(oo) **Appoints** Councillor Doody as the Council’s representative on the **Oxford Rural Drainage Advisory Group**, noting Oxford-Ohoka Community Board will also appoint a member to the Oxford Rural Drainage Advisory Group.

(pp) **Appoints** Councillor Stewart as the Council’s representative on the **Waimakariri Water Race Advisory Group**.

(qq) **Appoints** Councillors Williams and Mealings as the Council’s representatives on the **West Eyreton, Summerhill and Poyntzs Road Rural Water Supply Advisory Group**. (refer para 4.4 for an explanation to name change)

(rr) **Appoints** Councillors Williams and Barnett as the Council’s representatives on the **Garrymere Water Supply Advisory Group**.

(ss) **Appoints** Councillors Redmond, Ward and Williams to the Town Centres Festive Lights Working Party.

(tt) **Authorises** the Oxford-Ohoka Community Board to appoint representatives or liaison people to the following groups:

- Ashley Gorge Reserve Advisory Group
- Eyreton Domain Advisory Group
- Ohoka Domain Advisory Group
- Pearson Park Advisory Group (two members)
- View Hill Domain Advisory Group
- Oxford Promotions Action Committee
- Ohoka Residents Association
- Oxford Historical Records Society Inc Committee
- North Canterbury Neighbourhood Support
- Waimakariri Health Advisory Group
- GreyPower North Canterbury
- Ohoka Rural Drainage Advisory Group
- Oxford Rural Drainage Advisory Group
- Waimakariri Access Group
- Mandeville Sports Centre
- Ashley River Water Supply Scheme
- Swannanoa Cricket Club Domain Development Group

(uu) **Authorises**: The Kaiapoi-Tuahiwi Community Board to appoint representatives or liaison people to the following groups:

- The Pines Kairaki Beaches Association
- Kaiapoi Landmarks Team
- Kaiapoi Districts & Historical Society
- Northern Bulldogs Rugby League Club
- Darnley Club
- North Canterbury Neighbourhood Support
- GreyPower North Canterbury
- Clarkville Rural Drainage Advisory Group
- Coastal Rural Drainage Advisory Group
- Central Rural Drainage Advisory Group
- Silverstream Advisory Group
- Kaiapoi Promotions Association
- Kaiapoi Beautiful Towns Committee
- Waimakariri Arts Trust
- Waimakariri Health Advisory Group
- Town Centres Festive Lights Working Party
- Kaiapoi Town Centre Plan Review Reference Group
- Kaiapoi Signage Working Group
- Northern Pegasus Bay Advisory Group

(vv) **Authorises**: The Rangiora-Ashley Community Board to appoint representatives or liaison people to the following groups:

- Southbrook Sports Club
- Millton Memorial Reserve Advisory Group
- Rangiora and Districts Early Records Society
- North Canterbury Neighbourhood Support
- GreyPower North Canterbury
- Keep Rangiora Beautiful
- Friends of Rangiora Town Hall
- Fernside Hall Advisory Group
- Rangiora Town Centre Plan Review Reference Group
- Cust Community Cenrre Advisory Group
- Loburn Domain Advisory Group
Rangiora Croquet and Table Bowls Centre, Cust and District Historical Records Society Inc, Cust Domain Advisory Group, Waimakariri Health Advisory Group, Garrymere Water Supply Advisory Group, Cust Rural Drainage Advisory Group and the Central Rural Drainage Advisory Group and notes an appointment to the Hurunui District Council – Ashley Rural Water Scheme Management Committee will occur at a later date.

(ww) **Authorises** the Woodend-Sefton Community Board to appoint representatives or liaison people to the following groups:


8.6 **Hearing Panels for review of Parking Bylaw 2007, Signage Bylaw 2012 and Property Maintenance and Nuisance Control Bylaw 2019 – Mike O’Connell (Senior Policy Analyst)**

**RECOMMENDATION**

THAT the Council:

(a) **Receives** this report No 191023147838

(b) **Notes** that the Council’s Hearing Panel will hear submissions on the proposals and recommend decisions to the Council.

(c) **Recommends** that Councillors ________, ________, and ________ be appointed to the Hearing Panel for hearings and deliberations for the Parking Bylaw.

(d) **Recommends** that Councillors ________, ________, and ________ be appointed to the Hearing Panel for hearings and deliberations for the Signage Bylaw.

(e) **Recommends** that Councillors ________, ________, and ________ be appointed to the Hearing Panel for hearings and deliberations for the Property Maintenance and Nuisance Control Bylaw.
8.7. Local Government Excellence Programme (LGEP) – Second Assessment – Simon Markham (Manager Strategy and Engagement)

RECOMMENDATION

THAT the Council:

(a) Receives report No. 191017145158.

(b) Agrees to be a participant in the second round CouncilMARK™ assessment scheduled to take place in March 2020.

9. HEALTH AND SAFETY


RECOMMENDATION

THAT the Council:

(a) Receives report No 191021146564

(b) Notes that there are no significant Health and Safety issues at this time, and that WDC is, so far as is reasonably practicable, compliant with the PCBU duties of the Health and Safety at Work Act 2015.

10. MATTERS REFERRED FROM COMMITTEES AND COMMUNITY BOARDS

10.1. Request for Approval to Proceed with Consultation on Poyntzs Road Joining with West Eyreton and Summerhill Water Supplies – Colin Roxburgh (Water Asset Manager)

(refer to attached copy of report no. 190820116633, initially to the Oxford-Ohoka Community Board and referred to the Utilities and Roading Committee meeting of 24 September 2019)

RECOMMENDATION

THAT the Council:

(a) Receives report No. 190820116633.

(b) Notes that an upgrade to the Poyntzs Road scheme is required to achieve compliance with the Drinking-water Standards for New Zealand.

(c) Notes that the optimum way to achieve this upgrade is by installation of a pipeline from West Eyreton the Poyntzs Road, and that the optimum pipe route has been determined to be the Main Race Road alignment, following previous consultation with residents on two potential pipe routes.

(d) Notes that three funding options have been identified for consideration by the communities for the upgrade, following consultation with the West Eyreton and Summerhill Water Supply Advisory Groups.
(e) **Approves** staff to consult with the affected communities on the proposal and funding options identified, based on the draft consultation material attached, noting that the consultation material is currently in draft format and will be refined prior to distribution to residents.

(f) **Notes** that an identical report is to be presented to the Rangiora-Ashley Community Board prior to progressing with consultation.

11. **COMMITTEE MINUTES FOR INFORMATION**
   Nil

12. **COMMUNITY BOARD MINUTES FOR INFORMATION**
   Nil

13. **CORRESPONDENCE**
   Nil

14. **MAYOR’S DIARY**
   14.1. **Mayor Ayers Diary 24 September – 12 October 2019**

   **RECOMMENDATION**
   THAT the Council:
   (a) **Receives** report no. 191011142300.

   14.2. **Mayor Gordons Diary 14 October – 3 November 2019**

   **RECOMMENDATION**
   THAT the Council:
   (a) **Receives** report no. 19103015493.

15. **COUNCIL PORTFOLIO UPDATES**
   15.1. **Iwi Relationships – Mayor Dan Gordon**
   15.2. **Canterbury Water Management Strategy – Councillor Sandra Stewart**
   15.3. **International Relationships – Deputy Mayor Neville Atkinson**
   15.4. **Regeneration (Kaiapoi) – Councillor Al Blackie**
   15.5. **Climate Change and Sustainability – Councillor Niki Mealings**

16. **QUESTIONS**
   *(under Standing Orders)*

17. **URGENT GENERAL BUSINESS**
   *(under Standing Orders)*
18. MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED

Section 48, Local Government Official Information and Meetings Act 1987

RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Minutes/Report of</th>
<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1</td>
<td>Report of Gerard Cleary (Manager Utilities and Roading)</td>
<td>Silverstream Subdivision Update</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
<tr>
<td>18.2</td>
<td>Report of Kieran Straw (Civil Project Team Leader (PDU) and Grant MacLeod (Greenspace Manager</td>
<td>Contract 19/02 Dudley Park Lighting Upgrade Tender Evaluation and Contract Award Report, plus request to bring funding forward</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
<tr>
<td>18.3</td>
<td>Report of Duncan Roxborough (Implementation Project Mgr), Joanne McBride (Roading Manager) and Fraser Scales (Senior Project Engineer)</td>
<td>Contract 19/41 Kaiapoi East Regeneration Area Road Upgrades Tender Evaluation and Contract Award Report</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
</tbody>
</table>

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Reason for protection of interests</th>
<th>Ref NZS 9202:2003 Appendix A</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.1 – 18.3</td>
<td>Protection of privacy of natural persons. To carry out commercial activities without prejudice</td>
<td>A2(a) A2(b)ii</td>
</tr>
</tbody>
</table>

CLOSED MEETING

See Public Excluded Agenda

OPEN MEETING

19. NEXT MEETING

The next scheduled meeting of the Council is at 1.00pm on Tuesday 3 December 2019 in the Council Chambers.
MINUTES OF THE FIRST MEETING OF THE ELEVENTH TERM OF THE WAIMAKARIRI
DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 215 HIGH STREET,
RANGIORA ON FRIDAY, 25 OCTOBER 2019, COMMENCING AT 1.00PM

At the commencement of the meeting Chief Executive Jim Palmer assumed the Chair, acknowledging the presence of all visitors in the public gallery.

PRESENT

IN ATTENDANCE
J Palmer (Chief Executive), S Nichols (Governance Manager).

KAIKARANGA
Aroha Reriti-Crofts (Council Kaumātua) called the Council into the Chambers with the support of Kim Manahi in response and supported by the Council Waiata Group.

1. APOLOGIES

Moved: Councillor Atkinson     Seconded: Councillor Williams

An apology was received and sustained from Councillor A Blackie for absence, noting he would be officially sworn in at the beginning of the 5 November 2019 Council meeting.

CARRIED

2. MAYORAL DECLARATION

The Chief Executive invited Mayor Dan Gordon to read and sign the Mayoral declaration in accordance with Schedule 7 Part 1 Section 21 of the Local Government Act 2002.

On completion of the declaration, the Chief Executive placed the Mayoral chains upon Mayor Dan Gordon, whom assumed the Chair.

3. COUNCILLORS' DECLARATIONS

The Mayor received and witnessed Councillors' declarations in accordance with Schedule 7 Part 1 Section 14 of the Local Government Act 2002 from the following:

- Neville Atkinson
- Kirstyn Barnett
- Robbie Brine
- Wendy Doody
- Niki Mealings
- Philip Redmond
- Sandra Stewart
- Joan Ward
- Paul Williams

Mayor Gordon thanked A Reriti-Crofts and K Manahi for their special blessing and acknowledged the family and friends in the public gallery.
Mayor Gordon stated it was an honour to be the sixth mayor of Waimakariri and commented on the responsibility of working together for the betterment of the community.

The formalities closed with a waiata.

4. CONFLICTS OF INTEREST

There were no conflicts of interest recorded.

5. REPORTS

5.1 Local Government Act – First Meeting Following the Triennial General Election Requirements – J Palmer (Chief Executive)

J Palmer spoke briefly to the report.

Moved: Councillor Doody Seconded: Councillor Redmond

THAT the Council:

(a) Receives report No. 190903122967.
(b) Receives legislative material that has been circulated.
(c) Notes that, under the Health and Safety at Work Act 2015, Officers (Councillors and the Chief Executive) are required to undertake due diligence activities to discharge their responsibilities under the Act and to ensure the Council has effective health and safety processes, procedures and culture in place.

CARRIED

5.2 Elected Members Code of Conduct and Standing Orders– J Palmer (Chief Executive)

J Palmer took the report as read.

Moved: Councillor Atkinson Seconded: Councillor Brine

THAT the Council:

(a) Receives report No. 190903122974.
(b) Receives the 2019 Elected Members Code of Conduct document (Trim 190228024595).
(c) Receives the 2019 Council Standing Orders (Trim 191014142957).
(d) Notes the Code of Conduct is currently being reviewed and an updated document will be presented to the December 2019 Council meeting for consideration.
(e) Notes the Standing Orders will be reviewed in the new year with a report presented to the March 2020 Council meeting for consideration.

CARRIED
5.3 **Appointment of Deputy Mayor – Mayor Gordon**

Mayor Gordon took the report as read.

Moved: Mayor Gordon    Seconded: Councillor Barnett

THAT the Council:

(a) **Receives** report No. 190903122993

(b) **Appoints** Councillor Neville Atkinson as Deputy Mayor.

**CARRIED**


J Palmer commented on the legislation and the requirement of two Councillors to be appointed to each community board in the Kaiapoi-Woodend Ward. The recommendations reflected the recent discussions held between the four ward councillors.

Moved: Councillor Williams    Seconded: Councillor Barnett

THAT the Council:

(a) **Receives** report No. 190903123099.

(b) **Appoints** Councillors Kirstyn Barnett, Robbie Brine, Joan Ward and Paul Williams to the Rangiora-Ashley Community Board in accordance with section 19F of the Local Electoral Act 2001.

(c) **Appoints** Councillors Wendy Doody and Niki Mealings to the Oxford-Ohoka Community Board in accordance with section 19F of the Local Electoral Act 2001.

(d) **Appoints** Councillors Philip Redmond and Sandra Stewart to the Woodend-Sefton Community Board in accordance with section 19F of the Local Electoral Act 2001.

(e) **Appoints** Councillors Neville Atkinson and Al Blackie to the Kaiapoi-Tuahiwi Community Board in accordance with section 19F of the Local Electoral Act 2001.

(f) **Approves** the delegations for the Community Boards (S-DM 1041), (Trim 191017145497).

(g) **Notes** the delegations for Community Boards can be further reviewed by Council in the future.

**CARRIED**

Councillor Doody congratulated and welcomed the three new Councillors to the table.
5.5 **Committee Structure – Mayor Gordon**

The report was taken as read.

Moved: Councillor Brine  
Seconded: Councillor Doody

**THAT** the Council:

(a) **Receives** report No. 190903122996.

(b) **Establishes** the following Committees:

- Audit and Risk (Standing Committee)
- District Planning and Regulation (Standing Committee)
- Utilities and Roading (Standing Committee)
- Community and Recreation (Standing Committee)
- Mahi Tahi Joint Development Committee
- Land and Water Committee
- Chief Executive Review Committee
- Hearings Committee
- District Licensing Committee

(c) **Approves** the delegations for the following Committees:

- Audit and Risk (Trim 190828120273)
- District Planning and Regulation (Trim 190828120276)
- Utilities and Roading (Trim 190828120303)
- Community and Recreation (Trim 190828120296)
- Mahi Tahi Joint Development Committee (190125007826)
- Chief Executive Review Committee (101020039095)
- Hearings Committee (Trim 131016094476)
- District Licensing Committee (Trim 190828120307)

(d) **Approves** a Disclosure of Interests Register continuing from the previous term and maintained for all elected members, including Community Board members and notes this will be subject of a separate report to the November 2019 Council meeting.

(e) **Retains** the rotation of Chairperson for the Audit and Risk, Community and Recreation, District Planning and Regulation, and the Utilities and Roading Committees.

(f) **Notes** the continuation of the following Joint Committees as resolved by Council on 1 October 2019 in accordance with clause 30(7) of schedule 7 of the Local Government Act 2002.

- Greater Christchurch Partnership,
- Canterbury Waste Joint Committee,
- Canterbury Regional Landfill Joint Committee,
- Greater Christchurch Public Transport Joint Committee

(g) **Notes** the Council decision of 3 September 2019 for the appointment of Commissioner and Chairperson to the District Licencing Committee (DLC) of Councillor Neville Atkinson, and Councillors Paul Williams and Wendy Doody, and Commissioner Jim Gerard as Commissioners to the DLC. Further notes the commissioner appointments are for a period for five years or lesser time by Council resolution at any time.
Notes the 3 September 2019 Council recommendations to the incoming Council of slightly modified delegations for the Audit and Risk, District Planning and Regulation, Utilities and Road, Community and Recreation, DistrictLicencing Committees and the Land and Water Committee.

Notes the Civil Defence Emergency Management Group Joint Committee is continuous in accordance with the Civil Defence Emergency Management Act 2002 (Section 12(2)).

Approves the Mayor voting on behalf of the Council for the Rural/Provincial sector representative position on the National Council of Local Government New Zealand and the Chair of Zone 5 Local Government New Zealand.

Notes Council appointed Trustee positions remain in place for the balance of their term.

CARRIED

5.6 Appointment of Portfolio Holders, Standing Committee Members and Chairs of Standing Committees of Council – Mayor Gordon

Mayor Gordon took the report as read, as it reflected discussions with Councillors over the previous ten days.

Moved: Councillor Mealings Seconded: Councillor Stewart

THAT the Council:

(a) Receives report No. 190903123025.

(b) Notes under section 41A of the Local Government Act, the Mayor has the power to establish committees of the Council and to appoint the Chairperson of each committee, and may make the appointment before the other members of the committee are determined, and may appoint him/herself.

(c) Establishes Portfolios and adopts the Portfolio Holder Role Description as contained in Documents 191018145632 and 191018145637.

(d) Appoints Mayor Gordon as Portfolio Holder of Iwi Relationships.

(e) Appoints Councillor Stewart as Portfolio Holder of the Canterbury Water Management Strategy and Waimakariri Water Zone Committee Representative.

(f) Appoints Councillor Atkinson as Portfolio Holder of International Relationships, supported by Councillors Redmond and Ward.

(g) Appoints Councillor Blackie as Portfolio Holder of (Kaiapoi) Regeneration.

(h) Appoints Councillor Mealings as Portfolio Holder of Climate Change and Sustainability.

(i) Appoints Councillor Stewart as Portfolio Holder of Drainage and Stockwater.
(j) **Appoints** Mayor Gordon as Portfolio Holder of Transport.

(k) **Appoints** Councillor Williams as Portfolio Holder of Roading.

(l) **Appoints** Councillor Williams as Portfolio Holder of Utilities (Water Supplies and Sewer).

(m) **Appoints** Councillor Brine as Portfolio Holder of Solid Waste.

(n) **Appoints** Councillor Brine as Portfolio Holder of Greenspace (Parks, Reserves and Sports Grounds).

(o) **Appoints** Councillor Doody as Portfolio Holder of Community Facilities (including Aquatic Centres, Multi-use Sports Stadium, Libraries/Service Centres, Town Halls, Museums and Community Housing).

i. Confining the Community Facilities portfolio to large facilities being Aquatic Facilities, Libraries/Service Centres, the Multi-use Sports Centre, Town Halls, and any significant proposals for new and extended community facilities, noting the balance of facilities and their maintenance/management would fall under the Greenspace portfolio.

(p) **Appoints** Councillors Doody (lead) and Atkinson (support) as Portfolio Holders of Community Development and Wellbeing.

(q) **Appoints** Councillors Barnett (lead) and Mealings (support) as Portfolio Holders of the District Planning Development.

(r) **Appoints** Councillor Redmond as Portfolio Holder of Regulation and Civil Defence.

(s) **Appoints** Councillor Ward as Portfolio Holder of Business, Promotion and Town Centres.

(t) **Appoints** Councillor Ward as Portfolio Holder of Audit, Risk, Long Term Plan and the Excellence Programme.

(u) **Appoints** Councillor Barnett as Portfolio Holder of Communications and Customer Service.

(v) **Appoints** (5) Councillors Atkinson, Barnett, Stewart, Ward and Williams to the Audit and Risk Committee.

(w) **Appoints** (5) Councillors Blackie, Brine, Doody, Mealings and Redmond to the Community and Recreation Committee.

(x) **Appoints** (5) Councillors Atkinson, Barnett, Mealings, Redmond and Ward to the District Planning and Regulation Committee.

(y) **Appoints** (5) Councillors Blackie, Brine, Doody, Stewart and Williams to the Utilities and Roading Committee.

(z) **Appoints** Councillor Stewart as First Chair of the Audit and Risk Committee to 30 April 2021.
(aa) **Appoints** Councillor Ward as Second Chair of the Audit and Risk Committee from 1 May 2021 to the end of the electoral term.

(bb) **Appoints** Councillor Blackie as First Chair of the Community and Recreation Committee to 31 October 2020.

(cc) **Appoints** Councillor Redmond as Second Chair of the Community and Recreation Committee from 1 November 2020 to 31 October 2021.

(dd) **Appoints** Councillor Mealings as Third Chair of the Community and Recreation Committee from 1 November 2021 to the end of the triennium term.

(ee) **Appoints** Councillor Barnett as First Chair of the District Planning and Regulation Committee to 30 April 2021.

(ff) **Appoints** Councillor Atkinson as Second Chair of the District Planning and Regulation Committee from 1 May 2021 to the end of the triennium term.

(gg) **Appoints** Councillor Doody as First Chair of the Utilities and Roading Committee to 31 October 2020.

(hh) **Appoints** Councillor Williams as Second Chair of the Utilities and Roading Committee from 1 November 2020 to 31 October 2021.

(ii) **Appoints** Councillor Brine as Third Chair of the Utilities and Roading Committee from 1 November 2021 to the end of the triennium term.

(jj) **Appoints** Mayor Gordon, Councillors Atkinson and Blackie to the Mahi Tahi Joint Development Committee.

(kk) **Appoints** Councillors Atkinson, Barnett, Blackie, Mealings, Stewart and Williams to the Land and Water Committee, with Councillor Stewart as Chair.

(ll) **Appoints** Councillor Redmond to the District Licencing Committee.

(mm) **Notes** Mayor Gordon is an ex-officio member of all Council Committees, pursuant to the Local Government 2002 Act.

(nn) **Notes** that appointments and portfolios could be reviewed in November 2020 by the Council.

CARRIED

Councillor Atkinson commented on the robust discussions and fair appointments that sat well with all Councillors.

5.7 **Appointments to Committees including Joint Regional Committees – Mayor Gordon**

The report was taken as read.

Moved: Councillor Williams Seconded: Councillor Stewart

THAT the Council:
(a) **Receives** report No. 190903123220.

(b) **Notes** Mayor Gordon is ex-officio on all Committee and sub-committees of the Council pursuant to the Local Government 2002 Act.

(c) **Appoints** Mayor Gordon (Chair), Councillors Atkinson, Brine, and Williams to the **CE Review Committee**.

(d) **Appoints** Councillors Atkinson, Barnett Blackie, Brine, Doody, Mealings, Redmond, Stewart, Ward and Williams for Hearings, other than RMA Hearings; to the **Hearings Committee**.

(e) **Appoints** Councillors Atkinson (Chair), Brine, Redmond and Doody to the **Code of Conduct Committee**.

(f) **Appoints** Mayor Gordon as the Council’s representative on the Canterbury Civil Defence Emergency Management Group (CDEM Group).

(g) **Appoints** Mayor Gordon, and Councillors Atkinson and Mealings to the **Greater Christchurch Partnership (GCP)**.

(h) **Appoints** Mayor Gordon as Council’s representative at the Rural/Provincial sector meetings of Local Government New Zealand.

(i) **Appoints** Mayor Gordon as Council’s representative at Zone 5 & Zone 6 meetings of Local Government New Zealand.

(j) **Appoints** Mayor Gordon to the **Greater Christchurch Public Transport Joint Committee**.

(k) **Appoints** Mayor Gordon to the **Regional Land Transport Committee**.

(l) **Appoints** Councillor Robbie Brine to the **Canterbury Waste Joint Committee**.

(m) **Appoints** Councillor Robbie Brine to the **Canterbury Regional Landfill Joint Committee**.

(n) **Notes** appointments to the Canterbury Museum Trust Board and the Canterbury Water Management Strategy: Regional Committee will be considered at the 5 November 2019 Council meeting.

(o) **Notes** appointments to standing committees is subject to a separate report. (Trim 190903123025).

(p) **Notes** all appointments ceased at the end of the 2019-22 Local Body Triennial term, being 8 October 2022, unless appointed to a Council Controlled Organisation (CCO) or specifically altered by the Council.

CARRIED
5.8 **Council Meeting Schedule November 2019 – December 2020 –**

* S Nichols (Governance Manager)

S Nichols took the report as read, as it reflected informal discussions with the Council over the previous ten days.

Moved: Councillor Doody Seconded: Councillor Redmond

**THAT** the Council:

(a) **Receives** report N° 190903123186.

(b) **Adopts** the attached meeting schedule for the period to 31 December 2020. (as outlined in Trim 191015143511).

Ordinary Council Meeting Dates commencing at 1.00pm on Tuesdays:

Council meetings relating to (Draft) Annual Plan including submissions and hearings:
28, 29 and 30 January, 18 February 2020, 6, 7 and 8 May and 26, 27 and 28 May 2020, and 16 June 2020.

(c) **Adopts** the following meeting schedule for the period to 31 December 2020 for Standing Committees:

Audit & Risk Committee commencing at 9.30am on Tuesdays:

District Planning & Regulation Committee at 1pm on Tuesdays:

Community & Recreation Committee at 4.00pm on Tuesdays:

Utilities & Roading Committee at 4.00pm on Tuesdays:

(d) **Adopts** following meeting schedule for the period to 31 December 2020 for the Mahi Tahi Joint Development Committee at 9.30am on Tuesdays:
Notes the Community Boards will adopt their timetable at their inaugural meetings in late October, as proposed in Trim document 191015143511.

Circulates a copy of the finalised meeting times to the Community Boards for their reference.

CARRIED

6. QUESTIONS

There were no questions under Standing Orders.

7. URGENT GENERAL BUSINESS

There was no urgent general business under Standing Orders.

8. NEXT COUNCIL MEETING

The next scheduled Council meeting will be held on Tuesday 5 November 2019, commencing at 1pm in the Council Chambers, Rangiora Service Centre, 215 High Street, Rangiora.

There being no further business, the meeting closed at 1.42pm.

CONFIRMED

_____________________________
Mayor Dan Gordon

_____________________________
Date
MINUTES OF THE MEETING OF THE WAIMAKARIRI DISTRICT COUNCIL HELD IN
THE COUNCIL CHAMBER, 215 HIGH STREET, RANGIORA, ON TUESDAY 8
OCTOBER 2019 COMMENCING AT 4PM

PRESENT

IN ATTENDANCE
J Palmer (Chief Executive), J Millward (Manager Finance and Business Support), R Hawthorne (Property Manager), R Qu (Property Assets Advisor), D Young (Senior Engineering Advisor), A Smith (Governance Coordinator)

1. APOLOGIES
There were no apologies.

2. CONFLICTS OF INTEREST
No conflicts of interests were noted.

3. ACKNOWLEDGEMENTS
There were no acknowledgements.

4. DEPUTATIONS AND PRESENTATIONS
There were no deputations.

5. ADJOURNED BUSINESS
There was no adjourned business.

6. REPORTS
6.1 Adoption of the Annual Report for the Year Ended 30 June 2019 – Jeff Millward (Manager Finance and Business Support)
J Millward presented this report and the Annual Report for the year ended 30 June 2019 for the Council to adopt. Clearance has been received from the Auditors for the Annual Report but are still to confirm the summary. The Auditors have indicated that there are no substantial matters in the Summary and their opinion is expected to be unmodified. J Millward explained that the Auditors currently have a significant workload with many Councils seeking clearance of their Annual Reports prior to the end of this Council term.

The Annual Report has previously been presented to the Audit and Risk Committee with explanation provided there on the interest rate swaps. There has been only one change to the accounts that went to the Audit and Risk Committee. The earthquake funds that came from the government had been shown as an expense but this is to be shown as a revenue adjustment. The net surplus doesn’t change.
Cr Barnett spoke on Item (d) in the resolution, and asked if this could be reworded saying that the surplus includes the $39.7m assets transferred from subdivisions to Council ownership.

Moved Mayor Ayers seconded Councillor Meyer

THAT the Council:

(a) Receives report No. 190930136327.
(b) Adopts the Annual Report for the year ended 30 June 2019 (TRIM 190812111951).
(c) Approves the Annual Report Summary for the year ended 30 June 2019 (TRIM 190916129384).
(d) Notes the Net Surplus before taxation of $29.5m is $10.1m less than budget, and primarily relates to a number of accounting adjustments, the most significant being $7.8m to the value of interest rate swaps held under the Council’s Treasury Policy. The net surplus includes assets vested as a result of subdivisions of $37.7m.
(e) Authorises the Manager Finance and Business Support, in conjunction with the Chief Executive to make necessary minor edits and corrections to the Annual Report prior to printing.

CARRIED

Mayor Ayers noted that this is a process that all Councils have to go through and for a Council our size this is a significant amount of work. Thanks were extended to staff for the work that has gone into producing this report and the good result.

Cr Meyer thanked staff for the work involved in putting together this report.

Cr Atkinson also thanked staff for the work they have put into this Report and also the information provided throughout the year by staff to the elected members.

Cr Barnett offered congratulations to the Chief Executive and all the Management Team for this Annual Report, though expressed concern that it doesn’t tell the full story of the good job that this Council is doing. People need to understand that this Council has very strong financial credibility in the local government sector and has operated amazingly in the last nine years considering the impact of the Canterbury earthquakes.

7. MATTERS REFERRED FROM COMMITTEES AND COMMUNITY BOARDS

7.1 Treasury Report – Jeff Millward (Manager Finance and Business Support) (refer to attached copy of report no. 190906125141 to the Audit and Risk Committee meeting of 24 September 2019)

J Millward spoke to this report referred from the Audit and Risk Committee. Treasury advisors have recommended making these minor adjustments to these figures of the hedging limits.

Moved Councillor Felstead seconded Councillor Atkinson

THAT the Council:

(a) Amends its Treasury Policy, effective from 1 November 2019 with the following change to Hedging limits:
To provide flexibility in the Council's hedging arrangements interest rates should be fixed as follows:

<table>
<thead>
<tr>
<th>Current Hedging Limits</th>
<th>Proposed Hedging Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum 50% to a Maximum 100% for years 0 – up to 3 years</td>
<td>Minimum 40% to a Maximum 100% for years 0 – up to 2 years</td>
</tr>
<tr>
<td>Minimum 30% to a Maximum 80% for years 3 – up to 6 years</td>
<td>Minimum 25% to a Maximum 80% for years 2 – up to 4 years</td>
</tr>
<tr>
<td>Minimum 0% to a Maximum 50% for years 6 – up to 10 years.</td>
<td>Minimum 0% to a Maximum 60% for years 4 – up to 10 years.</td>
</tr>
</tbody>
</table>

7.2 Kaiapoi Storage Ltd – Complaint about rates – Maree Harris (Customer Services Manager)

(refer to attached copy of report no. 190905121496 to the Audit and Risk Committee meeting of 24 September 2019)

J Millward spoke to this report, which was presented as a result of a ratepayer challenging the rating made to his property for an extra bin and water supply. The Council doesn’t have any Policy in place to provide a remission in this instance and the recommendation from the Audit and Risk Committee is to undertake a review in conjunction with the Annual Plan of the Council commencing in January 2020.

Moved Councillor Atkinson Councillor Felstead

THAT the Council:

(a) Approves a review of the method of rating for the Kerbside Rubbish and Recycling Collection Rate be carried out prior to the preparation of the 2021/31 Long Term Plan.

(b) Consider the use of Separately Used or Inhabited Parts of a rating unit (SUIPs) for rating be considered at the next review of the Revenue and Financing Policy, prior to the preparation of the 2021/31 Long Term Plan.

(c) Notes that the rates have been applied to the property in accordance with Council’s policy.

CARRIED

Councillor Atkinson is wary of any precedence setting with granting rates remissions, and supports this review being undertaken which may indicate a need for changes to the Policy.

J Millward confirmed Mr Delis will be advised of the Council decision.

8. QUESTIONS

(under Standing Orders)

There were no questions
9. **URGENT GENERAL BUSINESS**

*(under Standing Orders)*

There was no urgent general business.

10. **MATTERS TO BE CONSIDERED WITH THE PUBLIC EXCLUDED**

*Section 48, Local Government Official Information and Meetings Act 1987*

Moved Mayor Ayers seconded Councillor Felstead

**THAT** the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Minutes/Report of</th>
<th>General subject of each matter to be considered</th>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Report of Rob Hawthorne (Property Manager)</td>
<td>Property Tender</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
<tr>
<td>10.2</td>
<td>Report of Don Young (Senior Engineering Advisor)</td>
<td>Offer to Purchase land for Park and Ride facility</td>
<td>Good reason to withhold exists under Section 7</td>
<td>Section 48(1)(a)</td>
</tr>
</tbody>
</table>

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public are as follows:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Reason for protection of interests</th>
<th>Ref NZS 9202:2003 Appendix A</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 – 10.2</td>
<td>Protection of privacy of natural persons. To carry out commercial activities without prejudice</td>
<td>A2(a) A2(b)ii</td>
</tr>
</tbody>
</table>

**CARRIED**

**CLOSED MEETING**

*Recommendation to resume in Open Meeting*

Moved Mayor Ayers seconded Councillor Barnett

**THAT** the open meeting resumes and the matters discussed in public excluded remain public excluded.

**CARRIED**
11. **NEXT MEETING**

This is the final meeting of the Council for the 2016-2019 electoral term.

The new Council will be sworn into office late October 2019, with Standard meetings resuming from mid-November 2019. Further information will be advertised and listed on the Council’s website.

There being no further business, the meeting closed at 5.40pm.

CONFIRMED

________________________________________
Chief Executive

________________________________________
Date
1. SUMMARY

1.1. The purpose of this report is to establish Council’s position on the matters being put forward for consideration at the Local Government Funding Agency (LGFA) Annual Meeting (AM) on 21 November 2019.

1.2. The changes proposed are as follows:

1.2.1. Appointment of two directors seeking re-election;

1.2.2. Re-election of two retiring local authorities to the Shareholders’ Council;

1.2.3. Allowing Council-Council controlled Organisation the ability to raise funding directly through the LGFA

1.3. The report also requests that the Chairman and Chief Executive for LGFA act as the representative for the Waimakariri Council on these matters to be resolved.

Attachments:

i. The Local Government Agency Limited ‘Notice of Annual Meeting’

ii. Explanatory Notes

iii. Associated ‘Proxy Form’

iv. Shareholders agreement & Foundation Policy (marked up version)

v. Background Paper of the LGFA

vi. LGFA Directors’ Fees review 2019

vii. LGFA AGM Recommendations

2. RECOMMENDATION

THAT the Council:

(a) Receives report No. 191030150434.

(b) Notes the Local Government Funding Agency has advised that its Annual Meeting will be held on 21 November 2019 in Wellington;
(c) **Appoints** Craig Stobo (Chairman, LGFA) to attend the Annual Meeting as the shareholder representative for Waimakariri District Council;

(d) **Appoints** Mark Butcher (Chief Executive LGFA) as Council’s proxy should Craig Stobo Chairman be unable to attend the meeting; and

(e) **Agrees** that the proxy or alternate votes in favour of the following proposals which require ordinary shareholder resolutions:

   i. Linda Robertson is re-appointed to the Local Government Funding Agency’s board as an independent director;

   ii. Mike Timmer is re-appointed to the Local Government Funding Agency’s board as a non-independent director;

   iii. Auckland Council is re-elected to the Shareholders’ Council;

   iv. Western Bay of Plenty District Council is re-elected to the Shareholders’ Council;

   v. Increases to Directors’ remuneration

   vi. Changes to the Local Government Funding Agency’s foundation policies.

   vii. Changes to the Local Government Funding Agency’s Shareholders’ Agreement:

(f) **Delegates** the Manager Finance & Business Support to complete the proxy forms in accordance with the above decisions on behalf of the Council.

3. **BACKGROUND**

3.1. The LGFA is a Council-controlled organisation (CCO), owned 11.1% by the Government and 88.9% by 30 local authorities. Waimakariri District Council has an ownership stake of 0.4% shareholding.

3.2. The LGFA was established to provide councils with improved access to cost-effective long term debt. It is a registered financial institution regulated by the Reserve Bank. Total loans made to local government total around $10 billion. Together, Auckland Council and Christchurch City Council have approximately 47% of the LGFA’s issued debt, with the remainder shared between the other councils. The Waimakariri District Council holds $145 million of debt with the LGFA (1.5% of total borrowing).

3.3. The LGFA’s Shareholder’s Agreement (SHA) provides that the board may comprise between four and seven directors, a majority of whom must be independent. Since inception in 2011, the board has had six directors, one of which was non-independent (aside from one very short period due to a time lag between the retirement of a director and the appointment of a replacement). The SHA provides that in each year, the longest serving independent director, and the longest serving non-independent director must retire from the board but may offer themselves for re-election.

3.4. Current board members are Craig Stobo (Chair) who was initially appointed in 2011 and was re-appointed in 2017, Philip Cory-Wright (initially appointed in 2011 and re-appointed in 2016), Linda Robertson (appointed 2015), Anthony Quirk (appointed 2017) and John Avery (initially appointed in 2011 and re-appointed in 2018) and Mike Timmer (initially appointed in 2015 and re-appointed each subsequent year as the only Non-Independent Director).
3.5. Council oversight is provided through a Shareholders’ Council. The members are Auckland Council, Christchurch City Council, Hamilton City Council, Bay of Plenty Regional Council, Greater Wellington Regional Council, Tasman District Council, Tauranga City Council, Wellington City Council, Western Bay of Plenty District Council and Whangarei District Council as well as the NZ Government (with oversight through the Ministers of Local Government and Finance).

3.6. The SHA provides that the role of the Shareholders’ Council is to advise shareholders on certain matters, and that it shall (in relation to the matters for resolution at the AM):

- review and report to shareholders periodically on the performance of the company and the board;
- make recommendations on the appointment, removal, re-election, replacement and remuneration of directors; and
- make recommendations to shareholders on, and endeavour to ensure that shareholders are fully informed on matters concerning the company.

3.7. Shareholders are entitled to attend and vote at the AM, with a proxy form for voting to be sent to LGFA at least 48 hours prior to the AM.

3.8. The following matters are being considered at the AM:

- To receive and consider the financial statements for the year ended 30 June 2019
- Election of Independent Directors
- Election of Non-Independent Directors
- Election of Nominating Local Authorities to Shareholders’ Council
- Director Remuneration
- Changes to LGFA’s Foundation Documents
- Changes to LGFA’s Shareholders’ Agreement

3.9. Attachment 1 is the Local Government Agency Limited ‘Notice of Annual Meeting’, which includes Explanatory Notes. The associated ‘Proxy Form’ is at Attachment 2.

4. **ISSUES AND OPTIONS**

4.1. The LGFA Shareholders’ Council (SC) has considered the matters listed above. The Shareholders Agreement is attached (Attachment 4).

4.2. The SC’s role (as per the Shareholders’ Agreement) includes requirements to:

1. make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors
2. make recommendations to Shareholders as to any matters which require the approval of Shareholders.
4.3. It is recommended that Council follows the recommendations of the SC on all matters, noting the information in their letter and the additional information presented below and in the attachments.

**Director’s Remuneration**

4.4. Recommendations regarding Directors’ remuneration are based on market analysis conducted by Board Dynamics. Their report is included at Attachment 6.

**Changes to Foundation Documents and the Shareholders’ Agreement**

4.5. At the last AGM (in November 2018) it was agreed to extend LGFA’s operations to include direct lending to Council Controlled Organisations and to allow financial covenants to be measured on a Group (rather than Council parent) basis in certain circumstances.

4.6. The Shareholders’ Council supports these changes as being consistent with LGFA’s primary objective; to optimise the debt funding terms and conditions for participating local authorities.

4.7. Since then a considerable amount of work has been undertaken to make the necessary arrangements to implement this decision.

4.8. The Shareholders’ Council has played an integral part in this process, taking expert legal advice to ensure that the changes did not compromise our conditional support for this change, which was that there would be no additional risk to guaranteeing councils.

4.9. Due to growth in LGFA’s balance sheet, adjustments are also needed to various elements of the Foundation Policies to keep them aligned to current and project lending volumes, so they remain fit for purpose.

4.10. A paper explaining LGFA’s evolution since inception and the proposed changes is included at Attachment 5.

4.11. Marked up documents outlining the changes to the Shareholders’ Agreement and Foundation Policies are also included at Attachment 4.

4.12. Options

4.12.1. The Council could receive the report and the recommended changes as recommended; or

4.12.2. Decide to reject the changes some or all of the recommendations made.

4.13. The Management Team has reviewed this report and supports the recommendations.

5. **COMMUNITY VIEWS**

5.1. Groups and Organisations

The Council provides information of its borrowings and other financial information through the Annual Plan and Report.

5.2. Wider Community
The Director's remuneration has received community comment in the past, primarily on the extent of an increase. The information within this report has provided market evidence supporting the increases recommended.

6. **IMPLICATIONS AND RISKS**

6.1. **Financial Implications**

No significant financial implications are identified within the report.

6.2. **Community Implications**

Our intent is to ensure events or issues are managed so that should the risks crystallising the impact on the community and Council's operation are minimised.

6.3. **Risk Management**

The Council's Treasury Policy provides the framework and identifies the constraints and appetite for risk. Council's policy states it is adverse in taking risk.

Forecasts contained within the Annual Plan incorporates inflationary factors from BERL and these are relied upon for funding. The Council also conducts a sensitivity analysis for movements in rates and provides an allowance for movements within the forecast.

New Zealand economy is small in comparison a number of other countries and generally reacts to the events overseas. The effect on New Zealand interest rates are directly related to a number of events occurring overseas currently.

6.4. **Health and Safety**

Health & Safety risk is indirectly related to this topic.

7. **CONTEXT**

7.1. **Policy**

The framework and policy is not a matter of significance in terms of the Council's Significance and Engagement Policy. The public will be informed via agenda publication on the website.

7.2. **Community Outcomes**

Directly or indirectly the Council management of its risk affects the Council’s ability to deliver against all its community outcomes.

7.3. **Legislation**

Under section 14 of the Local Government Act 2002, local authorities are required to act in accordance with a number of principles, including:

- (f) A local authority should undertake any commercial transactions in accordance with sound business practices; and
- (g) A local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its region”.

7.4. **Delegations**

7.5. The recommendation are for Council approval

Jeff Millward  
Manager Finance & Business Support
# Agenda
## Annual General Meeting
21 November 2019
The Bolton Hotel, Wellington
2:00pm – 4:00pm

<table>
<thead>
<tr>
<th>Agenda Item</th>
<th>Leading Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduction from Chairman</td>
<td>Craig Stobo</td>
</tr>
<tr>
<td>2. Quorum</td>
<td>Craig Stobo</td>
</tr>
<tr>
<td>3. Financial Statements and Reports</td>
<td>Mark Butcher</td>
</tr>
<tr>
<td>4. Election of Company Directors</td>
<td>Craig Stobo</td>
</tr>
<tr>
<td>5. Election of Nominating Local Authorities to Shareholders’ Council</td>
<td>Craig Stobo</td>
</tr>
<tr>
<td>6. Directors’ Remuneration</td>
<td>Alan Adcock</td>
</tr>
<tr>
<td>7. Changes to LGFA Foundation Policies and Shareholder Agreement</td>
<td>Mark Butcher</td>
</tr>
<tr>
<td>8. Questions/Comments from Shareholders</td>
<td>Alan Adcock</td>
</tr>
<tr>
<td>9. General Business</td>
<td>Craig Stobo</td>
</tr>
<tr>
<td>10. Afternoon Tea</td>
<td>All</td>
</tr>
</tbody>
</table>
NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED
NOTICE OF ANNUAL MEETING

Notice is given that the 2019 annual meeting of shareholders of New Zealand Local Government Funding Agency Limited ("Company" or "LGFA") will be held at the Bolton Hotel, 12 Bolton Street, Wellington on 21 November 2019 commencing at 2:00pm.

BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS. To receive and consider the financial statements of the Company for the year ended 30 June 2019 together with the directors’ and auditor’s reports to shareholders.

2. ELECTION OF DIRECTORS

In accordance with clause 3.3 of the SHA, Linda Robertson retires by rotation and, being eligible, offers herself for re-election as an Independent Director.

In accordance with clause 3.3 of the SHA, Michael Timmer retires by rotation and, being eligible, offers himself for re-election as a non-Independent Director.

Accordingly, to:

(a) Re-elect Linda Robertson as an Independent Director of the Company, by way of Ordinary Resolution;

(b) Re-elect Michael Timmer as a non-Independent Director of the Company, by way of Ordinary Resolution.

(See Explanatory Note 2)

3. ELECTION OF NOMINATING LOCAL AUTHORITIES

In accordance with clause 4.6 of the SHA, Auckland Council and Western Bay of Plenty District Council retire by rotation. Auckland Council and Western Bay of Plenty District Council being eligible, offer themselves for re-election.

Accordingly, to:

Re-elect Auckland Council

as a Nominating Local Authority, by way of Ordinary Resolution.

Accordingly, to:

Re-elect Western Bay of Plenty District Council

as a Nominating Local Authority, by way of Ordinary Resolution.

(See Explanatory Note 3)

4. DIRECTORS’ REMUNERATION

In accordance with clause 3.6 of the SHA, to approve, by way of Ordinary Resolution, an increase in the Directors’ fees payable to:

(a) With effect from 1 July 2019, the Director acting as chairman of the Board, an increase of $5,000 per annum, from $97,000 per annum to $102,000 per annum.
(b) With effect from 1 July 2019, each of the other Directors acting as members of the audit and risk committee, an increase of $4,000 per annum, from $55,000 per annum to $59,000 per annum.

(c) With effect from 1 July 2019, the Director acting as chairman of the audit and risk committee, an increase of $3,000 per annum, from $60,000 per annum to $63,000 per annum.

(d) With effect from 1 July 2019, each of the other Directors, an increase of $2,000 per annum, from $55,000 per annum to $57,000 per annum

(See Explanatory Note 4)

5. **CHANGES TO FOUNDATION POLICIES**

In accordance with clause 5.1(c) of the SHA, to approve, by way of Ordinary Resolution, the amendments to the foundation policies of the Company ("Foundation Policies") as explained in Explanatory Note 5.

6. **CHANGES TO SHA**

In accordance with clauses 5.1(b) and 18.7 of the SHA, to approve, by way of Ordinary Resolution, the amendment and restatement of the SHA as explained in Explanatory Note 5, a copy of which is attached as an appendix to this notice of meeting.

The proposed amendment and restatement of the SHA is approved and will take effect on the date the Company notifies the shareholders that the "effective date" for the deed amending and restating the Shareholder's Agreement has occurred.
7. GENERAL BUSINESS
To consider such other business as may properly be raised at the meeting.

Please refer to the explanatory notes that accompany this notice of meeting.

By order of the board:

Craig Stobo, Chairman
26 September 2019

ORDINARY RESOLUTIONS: Ordinary resolutions are resolutions approved by a simple majority of more than 50% of the votes of the shareholders entitled to vote and voting at the annual meeting.

SHAREHOLDERS ENTITLED TO ATTEND AND VOTE: Pursuant to section 125 of the Companies Act 1993, for the purposes of voting at the annual meeting, those registered shareholders of the Company as at 9.00am on Thursday 21 November 2019 shall be entitled to exercise the right to vote at the meeting.

CAPITALISED TERMS: Unless otherwise defined in this notice, capitalised terms have the meanings given to them in the Shareholders’ Agreement dated 7 December 2011 (as amended and restated on 4 June 2015) ("SHA").
EXPLANATORY NOTES

EXPLANATORY NOTE 1 - PROXY VOTE

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. The proxy need not be a shareholder. To be effective, a copy of the proxy form must be received by the Company at Level 8, City Chambers, 142 Featherston Street, Wellington 6145 not later than 48 hours before the start of the meeting.

A corporation may appoint a person to attend the meeting as its representative in the same manner as that in which it could appoint a proxy.

EXPLANATORY NOTE 2 - ELECTION OF DIRECTORS

The SHA provides that, beginning at, and including, the annual meeting for 2013, two Directors comprising one Director who is an Independent Director and one Director who is not an Independent Director shall retire from office at the annual meeting of the Company in each year. The Directors to retire shall be that Independent Director, and that director who is not an Independent Director, who have been longest in office since their last election. If two or more relevant Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director is eligible for re-election.

In this case, Linda Robertson (being an Independent Director) who has been longest in office since being elected on 24 November 2015 (Philip Cory-Wright having been re-elected on 24 November 2016, Craig Stobo having been re-elected on 21 November 2017, Anthony Quirk having been elected on 21 November 2017 and John Avery having been re-elected on 21 November 2018) and Michael Timmer (being the only Director who is not an Independent Director) shall retire by rotation at this annual meeting. Linda Robertson and Michael Timmer, being eligible, offer themselves for re-election.

The following biographies have been provided by the candidates:

Linda Robertson Biography

Linda is a professional non-executive director with over 30 years’ experience in the NZ finance sector having worked in both banking and the corporate environment. In the corporate environment she has worked predominately in the energy sector and has held various senior management roles encompassing: treasury, credit management, audit, risk management, procurement and insurance.

Linda has been a fulltime company director since 2015 and is an experienced director, chair and committee chair. Her governance experience includes: listed, council controlled, government owned, co-operative and private companies, having held board positions since 1999. Former directorships include New Zealand Post, Kiwi Bank, Spiers Group, Earthquake Commission, King Country Energy, Auckland Council Investments and NZPM Group.

Linda is currently Chair of Pacific Radiology Group Ltd, Crown Irrigation Investments Ltd and Central Lakes Trust. She is currently a director of Dunedin City Holdings Ltd and related subsidiaries Dunedin Stadium Property Limited and Dunedin City Treasury Limited. Linda is also a member of the Risk & Audit Committee and the Capital Markets Advisory Committee for The Treasury and Chairs the Audit and Risk Committee for Central Otago District Council.

Linda has been a director of LGFA since November 2015 and she chairs the Audit & Risk Committee.

She is a Certified Treasury Professional, a Distinguished Fellow of the Institute of Finance Professionals New Zealand (INFINZ), a Fellow of Governance New Zealand; a Chartered Fellow of the New Zealand Institute of Directors and a Graduate Member of the Australian Institute of Company Directors. Linda has a Bachelor of Commerce Degree and a Diploma in Banking.
Michael Timmer Biography

Mike has over 10 years' experience in senior finance roles in Local Government, having joined Wellington Regional Council as Treasurer in January 2007.

He holds Bachelor of Agricultural Science and Bachelor of Business Studies degrees from Massey University and is a certified Chartered Accountant and an INFINZ (Cert) professional.

As Treasurer, his responsibilities include Treasury activities involving commercial paper issuance, bond placement, standby facilities, interest rate risk management, balance sheet structure, security documentation, funding and optimising subsidiary company borrowings. Other responsibilities have included risk management, insurance, business assurance (internal audit), and managing the Council's WRC Holdings board.

He has also been acting Chief Financial Officer for the Council for around two years in total. Previous roles have involved Treasury and Accounting activities and working in the dealing room at Citibank for 5 years.

He has been active with local and sector CFO groups, has served on the initial Local Government Risk Agency establishment group and the LGFA establishment committee. Mike was involved with the establishment of the LGFA initiating the idea and was one of the nine representatives involved in setting up the LGFA documentation. He has been on the Shareholders' Council since its inception where he was vice chairman prior to taking up the LGFA directorship role.

Mike is a member of the Institute of Directors. He is Chairman of the Finance Committee of Physiotherapy New Zealand Incorporated and has been a director of LGFA since 2015.

EXPLANATORY NOTE 3 - ELECTION OF NOMINATING LOCAL AUTHORITIES

The SHA provides that a Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("Nominating Local Authority") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed. Each Nominating Local Authority, and the New Zealand Government (for so long as it is a shareholder), may appoint one member of the Shareholders' Council, and remove and replace any member so appointed, in accordance with clause 4.4 of the SHA.

The SHA provides that, beginning at, and including, the annual meeting for 2013, the shareholders shall ensure that two Nominating Local Authorities retire from office at the annual meeting of the Company in each year. The Nominating Local Authorities to retire shall be those who have been longest in office since their last election, and if two or more of those Nominating Local Authorities were last elected on the same day, the Nominating Local Authority to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Nominating Local Authority is eligible for re-election.

In this case, Western Bay of Plenty District Council, which was re-elected as a Nominating Local Authority on 25 November 2014, and Auckland Council, having been re-elected as a Nominating Local Authority on 24 November 2015, are the Nominating Local Authorities who have been longest in office since their last election (Tasman District Council having been re-elected as a Nominating Local Authority on 24 November 2015, Wellington City Council having been re-elected as a Nominating Local Authority on 24 November 2016, Christchurch City Council having been elected as a Nominating Local Authority on 24 November 2016, Whangarei District Council having been re-elected as a Nominating Local Authority on 21 November 2017, Bay of Plenty Regional Council having been re-elected as a Nominating Local Authority on 21 November 2017, Hamilton City Council having been re-elected as a Nominating Local Authority on 21 November 2018 and Tauranga City Council having been re-elected as a Nominating Local Authority on 21 November 2018). Accordingly, being the longest in office since their last election, Auckland Council and Western Bay of Plenty District Council shall retire by rotation at this annual meeting.

The Shareholders' Council is comprised of between five and ten members. The New Zealand Government can appoint a member and the remaining members are nominated by up to nine Nominating Local Authorities. Following the retirement of Auckland Council and Western Bay of Plenty District Council there are currently two positions available.
Auckland Council offer themselves for re-election as a Nominating Local Authority.

Western Bay of Plenty District Council offer themselves for re-election as a Nominating Local Authority.

EXPLANATORY NOTE 4 – DIRECTORS’ REMUNERATION

This resolution seeks shareholders’ approval for an increase in Directors’ remuneration with effect from 1 July 2019. The proposed fee increases for Directors (as set out in the notice of meeting) have been calculated based on a 7.3% increase for Directors who are on the risk and audit committee, a 5.2% increase for the chairman of the Board, a 5.0% increase for the chair of the Audit and Risk Committee and a 3.6% increase for other Directors for the 2019-2020 year. The fee increases have been set following an independent external review.

The Shareholders’ Council have provided to shareholders a background document outlining the proposed fee increases.

EXPLANATORY NOTE 5 – CHANGES TO FOUNDATION POLICIES AND SHA

This resolution seeks shareholders’ approval for amendments to the Foundation Policies of the Company and the SHA.

The Foundation Policies of the Company are set out in Schedule 1 to the SHA. Clause 5.1(c) of the SHA provides that neither the Board nor any shareholder shall take or permit any action to cause any alteration to any of the Company’s Foundation Policies unless it is approved by Ordinary Resolution of the Company’s shareholders (or, if required by law, a Special Resolution).

Clauses 5.1(b) and 18.7 of the SHA provides that the SHA may be amended in accordance with the terms of any Ordinary Resolution. If any such Ordinary Resolution is passed, the amendment in that Ordinary Resolution shall take effect in accordance with their terms and the Company shall prepare a deed recording such amendments and may execute that deed on behalf of each Shareholder.

The proposed changes to the Foundation Policies requiring shareholder approval by Ordinary Resolution relate to:

1. an increase in the size of the Company’s balance sheet, requiring greater Treasury Policy limits; and
2. putting in place lending to council-controlled organisations (“CCOs”).

Adjustments required to recognise growth in balance sheet

There are several Foundation Policy limits that are incorporated into the LGFA Treasury Policy. While the Treasury Policy is approved by the LGFA Board, any changes to the Foundation Policy limits contained within the Treasury Policy require Shareholder approval. The LGFA Board notes that the Company’s business has both grown and changed significantly since the Foundation Policy limits were drafted in 2011 and changes last approved by Shareholders at the 2017 AGM. Primarily, there is a requirement for a larger portfolio of liquid assets because of:

(a) The significant growth in the Company’s assets over the past five years as outlined in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Actual June 2014</th>
<th>Actual June 2015</th>
<th>Actual June 2016</th>
<th>Actual June 2017</th>
<th>Actual June 2018</th>
<th>Actual June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$3.92 billion</td>
<td>$3.41 billion</td>
<td>$3.76 billion</td>
<td>$3.49 billion</td>
<td>$3.84 billion</td>
<td>$10.38 billion</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$3.89 billion</td>
<td>$3.38 billion</td>
<td>$3.72 billion</td>
<td>$3.44 billion</td>
<td>$3.77 billion</td>
<td>$10.31 billion</td>
</tr>
<tr>
<td>Liquid Assets Portfolio (LAP)</td>
<td>$103.7 million</td>
<td>$108.0 million</td>
<td>$266.3 million</td>
<td>$327.5 million</td>
<td>$302.8 million</td>
<td>$448.1 million</td>
</tr>
<tr>
<td>LAP as % of Total Assets</td>
<td>2.6%</td>
<td>2.0%</td>
<td>3.7%</td>
<td>3.9%</td>
<td>3.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>$7.0 million</td>
<td>$9.2 million</td>
<td>$9.5 million</td>
<td>$11.0 million</td>
<td>$11.8 million</td>
<td>$11.2 million</td>
</tr>
</tbody>
</table>
The proportion of liquid assets to total assets (4.3%) is low compared to our Nordic peer agencies (13% to 25%) and it is prudent to increase the amount of liquid assets over time.

(b) Bespoke lending continues to gain in popularity with 45% of council borrowing in the 2018-19 financial year being of non-LGFA maturities. LGFA must ensure it holds enough liquid assets to meet the repayment at maturity of any LGFA bonds that are not backed with council loans or have been refinanced prior to maturity. Furthermore, LGFA must hold liquid assets in the periods between LGFA tender dates to meet any council borrowing demand.

(c) Short dated lending to councils, matched where possible with the issuance of LGFA Bills, has been successful with short term loans outstanding at $430 million to thirty-one councils as at 31 August 2019. LGFA Bills on issue total $450 million as at 31 August 2019 and any difference between LGFA Bills issued and short dated loans to councils is invested as part of the Liquid Asset Portfolio.

(d) Cash collateral received as security from the lending of LGFA Bonds to banks (who provide market pricing and liquidity in LGFA Bonds) is required to be invested for the term of the LGFA Bond loan.

(e) LGFA is considering the provision of standby facilities for councils and these will be backed by liquid assets.

The proposed changes to the Foundation Policy and the rationale for those proposed changes are set out in the table below.

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed change</th>
<th>Rationale for change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category 2 Assets</strong></td>
<td><strong>Category 2 Assets</strong></td>
<td>The increase in the LGFA balance sheet, the amount of bespoke lending outside of the</td>
</tr>
<tr>
<td>Maximum individual counterparty limit of $200</td>
<td>Maximum individual counterparty limit of $300</td>
<td>regular tender schedule and increased short term lending requires a larger Liquid</td>
</tr>
<tr>
<td>million.</td>
<td>million.</td>
<td>Asset Portfolio.</td>
</tr>
<tr>
<td>Maximum of 80% of assets.</td>
<td>Maximum 80% of assets.</td>
<td></td>
</tr>
<tr>
<td>Maximum term of 3 years.</td>
<td>Maximum term of 3 years.</td>
<td></td>
</tr>
<tr>
<td><strong>Category 3 Assets</strong></td>
<td><strong>Category 3 Assets</strong></td>
<td>The increase in the LGFA balance sheet, the amount of bespoke lending outside of the</td>
</tr>
<tr>
<td>Maximum individual counterparty limits of $125</td>
<td>Maximum individual counterparty limits increased to</td>
<td>regular tender schedule and increased short term lending requires a larger Liquid</td>
</tr>
<tr>
<td>Maximum of 80% of assets rated &quot;AA-&quot; or</td>
<td>Maximum of 80% allocation to assets rated &quot;AA-&quot; or</td>
<td></td>
</tr>
<tr>
<td>better.</td>
<td>better.</td>
<td></td>
</tr>
<tr>
<td>Maximum term of 3 years.</td>
<td>Maximum term of 3 years.</td>
<td></td>
</tr>
<tr>
<td><strong>Category 4 Assets</strong></td>
<td><strong>Category 4 Assets</strong></td>
<td>The addition of limits for NZ Registered Banks allows for the possibility that the</td>
</tr>
<tr>
<td>Maximum individual counterparty limit of $125</td>
<td>NZ Registered Bank</td>
<td>credit ratings of the Australasian parents of the NZ Registered Banks could be</td>
</tr>
<tr>
<td>million for a NZ Registered Bank.</td>
<td>Maximum individual counterparty limit of $200</td>
<td>downgraded. If this should occur, then the credit ratings of</td>
</tr>
<tr>
<td>Maximum individual counterparty limit of $30</td>
<td>million for a NZ Registered Bank.</td>
<td></td>
</tr>
<tr>
<td>million for other issuers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category 5 Assets</td>
<td>Other issuers</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------</td>
<td></td>
</tr>
<tr>
<td>Maximum individual counterparty limit of $50 million for other issuers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum of 10% allocation to Non-NZ Registered Bank assets rated “A+”.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum term of 3 years.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Classification</th>
<th>Derivative Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company will only enter into derivative transactions with New Zealand Debt Management Office as counterparty.</td>
<td></td>
</tr>
<tr>
<td>Unless explicitly approved otherwise by the Board, all derivative transactions must be transacted with New Zealand Debt Management as counterparty.</td>
<td></td>
</tr>
</tbody>
</table>

| Market Risk | | |
|-------------|-------------|
| The Company’s total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is $40,000. |
| The Company’s total portfolio VAR daily limit is $400,000. |
| The Company’s total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is $100,000. |
| The Company’s total portfolio VAR daily limit is $1,000,000. |
| The current size of LGFA’s balance sheet exceeds the original forecast and is projected to grow further in the next three years. Hence the need for a larger PDH limit. The larger balance sheet impacts on the size of the 3-month bank bill rate sets. Market volatility has also increased, resulting in an increase in VaR, holding all other variables constant. |
| The LGFA Board will manage the exposure by having a lower limit threshold in the Treasury Policy. |

### Adjustments to allow lending to CCOs:

Currently, LGFA can only lend to a council. However, several councils borrow and on-lend to their CCO subsidiaries and LGFA has been asked to change so that it can lend directly to CCOs (with the consent of the parent council).

There are several reasons for LGFA to lend to CCOs:

- LGFA estimates that forty-seven of its sixty-four member councils have CCOs and a few councils currently borrow and on-lend to their CCO subsidiaries;
• CCOs are an important part of the Local Government sector and LGFA cannot currently lend directly to CCOs;
• It is difficult for multiple owned CCOs to access financing from LGFA and with potential reform of the water sector signalled by Central Government, LGFA needs to consider what this might mean for sector borrowing; and
• Dunedin City Council is one of the few councils not to borrow through LGFA and part of the reason is that they undertake their borrowing through a CCO subsidiary.

LGFA received shareholder approval at the November 2018 AGM to proceed with establishing the framework and process to lend directly to CCOs. Russell McVeagh and LGFA management have been working on the structure, process and drafting changes to the LGFA legal documents. Simpson Grierson have acted on behalf the Shareholders' Council to provide feedback on the proposal. Minor amendments are proposed in the Foundation Policies to reflect the final CCO lending structure.

The documentation, structure and process has been influenced by the following:
• LGFA will only lend to CCOs or council-controlled trading organisations ("CCTOs") if:
  o in the case of CCOs, its obligations are guaranteed by its council parent; or
  o in the case of CCTOs, it is supported by uncalled capital within the CCTO;
• All parent council shareholders must be guarantors of LGFA;
• Any CCO/CCTO borrower must be wholly owned, directly or indirectly, by one or more councils and Central Government (if applicable);
• Council shareholder(s) must agree to their CCO/CCTO joining LGFA. All shareholders of the CCO/CCTO must countersign the relevant accession deeds to the Notes Subscription Agreement and the Multi-Issuer Deed;
• CCO/CCTO holds the Borrower Notes, but prior to conversion the Borrower Notes are transferred to the relevant council shareholder(s);
• LGFA Board to approve each CCO/CCTO to join. LGFA to undertake financial and credit analysis of each CCO/CCTO before its accession, with ongoing surveillance. Russell McVeagh to review each CCO/CCTO's council shareholders' Debenture Trust Deed and CCO/CCTO security structure as part of the acceptance process by the LGFA Board;
• Bespoke covenants are to be negotiated between LGFA and each CCO/CCTO. LGFA may allow no covenants if LGFA is sufficiently comfortable with the guarantee/uncalled capital structure and the credit quality of the council shareholder(s);
• Annual testing of the CCO/CCTO compliance with financial covenants (if relevant) and reporting as per council membership;
• Credit analysis of the council shareholders and ongoing compliance with LGFA covenants will be undertaken on a parent basis and reported on a parent and consolidated group basis;
• Borrowing process to be as close as possible to the borrowing process for council lending;
• Pricing on CCO/CCTO loans in line with council shareholder borrowing, but set by LGFA;
• Lending to CCO/CCTO by LGFA is expected to be on the same (or better) security terms than their existing banking security;
• Redemption of LGFA loans to CCO/CCTO if the CCO ceases to be a CCO; and
• Reporting to LGFA shareholders on a quarterly basis as to breakdown of CCO/CCTO lending.

Adjustments to allow other types of lending:

To date, the Foundation Policies have only contemplated lending by securities. To allow LGFA greater flexibility in its lending, the proposed amendments to the Foundation Policies would permit LGFA to enter into facility arrangements with borrowers.

Amendments to the SHA:

In addition to the changes to the Foundation Policies, minor amendments are proposed in respect of the SHA to reflect the potential lending to CCOs. The changes to the SHA will take effect on the date LGFA notifies the Shareholders that the "effective date" of the deed amending and restating the SHA has occurred.
APPENDIX: FORM OF AMENDED SHAREHOLDERS' AGREEMENT
NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

PROXY FORM

I/We __________________________

of ____________________________________________________________

being a shareholder of New Zealand Local Government Funding Agency Limited ("Company") appoint

of ________________________ or failing him/her ______________________________

of ________________________ as my/our proxy to vote for me/us at the annual meeting of the
Company to be held on 21 November 2019 and at any adjournment thereof.

If you wish to direct the proxy how to vote, please indicate with a [X] in the appropriate box below. If the
proxy can vote as he or she thinks fit, please indicate with a [X] in the following box:

1(a) To re-elect Linda Robertson as an Independent Director of the Company

1(b) To re-elect Michael Timmer as a non-Independent Director of the Company

2. To re-elect Auckland Council as a Nominating Local Authority

3. To re-elect Western Bay of Plenty District Council as a Nominating Local Authority

4. To approve the following increases in director fees payable

   (a) With effect from 1 July 2019 the director acting as chairman of the board of
directors of $5,000 per annum, from $97,000 per annum to $102,000 per annum

   (b) With effect from 1 July 2019, each of the other directors acting as members
   of the audit and risk committee, an increase of $4,000 per annum, from $55,000
   per annum to $59,000 per annum

   (c) With effect from 1 July 2019, the director acting as chairman of the audit and
   risk committee of $3,000 per annum, from $60,000 per annum to $63,000 per
   annum.

   (d) With effect from 1 July 2019, each of the other directors an increase of $2000
   per annum, from $55,000 per annum to $57,000 per annum

5. To approve the changes to the foundation policies of the Company

6. To approve the changes to the Shareholders Agreement

(Please refer to the notice of meeting for details of the resolutions)

Signature of Shareholder

Dated: 2019
Notes:

1. If you wish you may appoint as your proxy the chairperson of the meeting.

2. If you are a body corporate, this proxy form must be signed on behalf of the body corporate by a person acting under the body corporate’s express or implied authority.

3. For this proxy form to be valid, you must complete it and produce it to the Company at least 48 hours before the time for holding the meeting. You can produce it to the Company by delivering it to Level 8, City Chambers, 142 Featherston Street, Wellington 6145. It must be received at least 48 hours before the time for holding the meeting.

4. If this proxy form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this proxy form.

5. If you return this form without directing the proxy how to vote on any particular matter, the proxy can vote how he or she thinks fit if authorised by you in this proxy form by ticking the appropriate box. Otherwise, the proxy will be deemed to have abstained from voting on that matter.

6. Capitalised terms in this proxy form have the meanings given to them in the shareholders’ agreement dated 7 December 2011 (as amended from time to time) between the Company and its shareholders.
Shareholders' Agreement

PARTIES

Auckland Council, Bay of Plenty Regional Council, Christchurch City Council, Gisborne District Council, Hamilton City Council, Hastings District Council, Hauraki District Council, Horowhenua District Council, Hutt City Council, Kaipara Coast District Council, Manawatu District Council, Marlborough District Council, Masterton District Council, New Plymouth District Council, Otorohanga District Council, Palmerston North City Council, Selwyn District Council, South Taranaki District Council, Taranaki District Council, Taupo District Council, Tauranga City Council, Thames-Coromandel District Council, Wanganui District Council, Waimakariri District Council, Waipa District Council, Wellington City Council, Wellington Regional Council, Western Bay of Plenty District Council, Whakatane District Council, Whanganui District Council and Her Majesty The Queen in Right of New Zealand acting by and through the Minister of Local Government and the Minister Of Finance
each a Shareholder

New Zealand Local Government Funding Agency Limited
Company
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AGREEMENT dated 7 December 2011 (as amended on 18 November 2012 and 13 November 2013 and amended and restated on 4 June 2015 and 12 July 2016)

PARTIES

Auckland Council, Bay of Plenty Regional Council, Christchurch City Council, Gisborne District Council, Hamilton City Council, Hastings District Council, Hauraki District Council, Horowhenua District Council, Hutt City Council, Kapiti Coast District Council, Manawatu District Council, Marlborough District Council, Masterton District Council, New Plymouth District Council, Otorohanga District Council, Palmerston North City Council, Selwyn District Council, South Taranaki District Council, Tasman District Council, Taupo District Council, Taupō City Council, Thames-Coromandel District Council, Waikato District Council, Waimakariri District Council, Waipa District Council, Wellington City Council, Wellington Regional Council, Western Bay of Plenty District Council, Whakatane District Council, Whangarei District Council and Her Majesty The Queen in Right of New Zealand acting by and through the Minister of Local Government and the Minister of Finance

(each a “Shareholder”)

New Zealand Local Government Funding Agency Limited
(“Company”)

INTRODUCTION

A. The Shareholders are shareholders in the Company.

B. The Shareholders and Company have agreed to enter into this agreement.

AGREEMENT

1. INTERPRETATION

1.1 Definitions: In this agreement, unless the context otherwise requires:

“Acceptance Date” has the meaning in clause 10.3.

“Acceptance Deadline” means a date set out in schedule 4, or such other form as is approved by the Board.

“Auditor” means the Auditor-General (or any nominee of the Auditor-General).

“Authorisation” means an authorisation, consent, declaration, exemption, notarisation or waiver, however it is described.

“Bill Rate” means:
(a) In respect of any rate of interest to be calculated pursuant to this agreement, the mid or "FRA" rate for 90 day bank accepted bills (expressed as a percentage) as quoted on Reuters page K38M (or any successor page) at or about 10.45 am on the first Business Day of the period in respect of which such rate of interest is to be calculated, and thereafter at intervals of 90 days from that Business Day, or

(b) if the rate cannot be determined pursuant to paragraph (a) above, the rate determined by the Board in its absolute discretion as a reasonable estimate of the Company's cost of funds on that date.

"Board" means the board of directors of the Company.

"Borrowed Money Indebtedness" has the meaning given in the Multi-Issuer Deed.

"Borrower Notes" means notes issued by the Company to Participating Local Authorities pursuant to a notes subscription agreement dated on or about the date of this agreement.

"Business Day" means a day (other than a Saturday, Sunday or public holiday) on which registered banks are open for business in Christchurch, Wellington and Auckland.

"Buyer" has the meaning in clause 10.4.

"CCO" means a council-controlled organisation as defined in section 6 of the Local Government Act.

"CCO Shareholder" means, in relation to a Participating CCO, a person that holds or controls (directly or indirectly) any equity securities of that CCO.

"Companies Act" means theCompanies Act 1993.

"Constitution" means the constitution of the Company.

"Defaulting Shareholder" has the meaning given in clause 13.1.

"Director" means a director of the Company.

"EC Securities" has the meaning given in the Multi-Issuer Deed.

"Event of Default" in respect of a Shareholder means an event specified in schedule 5.

"Event of Review" has the meaning given in the Multi-Issuer Deed.

"Fair Value" in respect of Shares means the fair market value of those Shares determined in accordance with clause 1.3.

"First Opening" means the initial subscription for, and issue of, Shares in the Company, other than any Shares issued on incorporation of the Company, which shall occur on or about the date of this agreement.

"Guarantor" means a guarantor of the obligations of the Company pursuant to a deed of guarantee and indemnity dated on or about the date of this agreement.

"Guarantor's Equity Commitment" means the agreement of a Guarantor to subscribe for Redeemable Shares in certain circumstances and being in, or substantially in, the same form for each Guarantor.
"Incoming Principal Shareholder" means a Local Authority which is to acquire Ordinary Shares as part of the Second Opening.

"Independent Director" means a Director who is not an employee of any Shareholder, employee of a CCO owned (in whole or in part) by any Shareholder, or a councillor of any Local Authority which is a Shareholder, and was not such an employee or councillor at any time in the five years prior to the time of that person's appointment as a Director. For the avoidance of doubt, a director (or former director) of a CCO (that is not a Participating CCO) shall not, by virtue of this reason alone, be precluded from being an Independent Director.

"Local Authority" has the meaning in section 5 of the Local Government Act.


"Multi-Account Issuer Deed" means the deed entered into on or about the date of this agreement between the Company and the Local Authorities named therein.

"New Zealand Debt Management Office" means Her Majesty the Queen in right of New Zealand acting by and through the New Zealand Debt Management Office.

"New Zealand Government" means Her Majesty the Queen in right of New Zealand acting by and through the Minister of Local Government and the Minister of Finance, as (and for so long as it is) a Principal Shareholder.

"Nominating Local Authority" has the meaning given at clause 4.3.

"Non-Pro Rata Sell-Down Shareholder" has the meaning given in clause 6.3.

"Ordinary Resolution" means a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the question (and which shall include any resolution signed in accordance with section 122 of the Companies Act).

"Ordinary Share" means an ordinary share in the Company.

"Participating Borrower" means a Participating Local Authority or a Participating CCO.

"Participating CCO" means a CCO that has entered into one or more arrangements to be provided debt funding by the Company.

"Participating Local Authority" means a Local Authority that has entered into one or more arrangements to be provided debt funding by the Company.

"Policies" means the policies of the Company relating to the following matters, as the same may be amended or updated by the Board or, where relevant, in accordance with clause 5.1:

(a) dividends;
(b) liquidity;
(c) pricing;
(d) lending;
(e) investing;
(f) borrowing; and
(g) treasury.

For the avoidance of doubt, the dividend policy shall be set out in the Statement of intent, and the other policies may be set out in such individual documents, or composite documents, as the Board may determine.

"Principal Shareholders" means those Shareholders who hold Ordinary Shares (and not just Redeemable Shares).

"Redeemable Share" means a redeemable share in the Company having the rights and obligations set out in clause 3.4 of the Constitution.

"Retained Share Number" has the meaning given in clause 8.3.

"Sale Interest" has the meaning given in clause 10.2.

"Sale Notice" has the meaning given in clause 10.2.

"Second Opening" means the introduction of incoming Principal Shareholders, to be affected by way of a transfer of Ordinary Shares held by the then current Principal Shareholders (other than the New Zealand Government), in accordance with clause 8.8.

"Securities" has the meaning given in the Multi-Issuer Issuer Deed.

"Self-Down Shareholder" has the meaning given in clause 8.2.

"Seller" has the meaning given in clause 10.2.

"Share" means an Ordinary Share or a Redeemable Share.

"Shareholder" means:

(a) any of the parties to this agreement (other than the Company); and
(b) any person which acquires Shares and which has executed an Accession Deed or is deemed to have agreed to be bound by this agreement.

"Shareholders' Council" means the members constituting the shareholders' council established pursuant to clause 4.

"Special Resolution" means a resolution approved by a majority of 75% or more of the votes of those Shareholders entitled to vote and voting on the question (and which shall include any resolution signed in accordance with section 122 of the Companies Act).

"Specified Sale Number" has the meaning given in clause 8.2.

"Statement of Intent" means a statement of intent for the Company as contemplated by section 64(1) of the Local Government Act initially in the form adopted by the Board or prior to the date of this agreement, and as the same may be amended or replaced by the Board or, where relevant, in accordance with clause 5.1.

Interpretation: Unless the context otherwise requires or specifically otherwise stated:

(a) headings are to be ignored;

(b) "including" and similar words do not imply any limitation.
(c) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether before or after the date of this agreement);

(d) any covenant or agreement on the part of two or more persons binds those persons jointly and severally;

(e) reference to a party, person or entity includes:

(i) an individual, partnership, firm, company, body corporate, corporation, association, trust, estate, state, government or any agency thereof, municipal or local authority and any other entity, whether incorporated or not (in each case whether or not having a separate legal personality), and

(ii) an employee, agent, successor, permitted assign, executor, administrator and other representative of such party, person or entity;

(f) a right or power may be exercised from time to time and at any time;

(g) the singular includes plural and vice versa;

(h) one gender includes the other genders;

(i) references to money are to New Zealand dollars;

(j) references to times of day or dates are to New Zealand times and dates;

(k) definitions in the Companies Act have the same meaning in this agreement;

(l) any word or expression cognate with a definition in this agreement has a meaning corresponding or construed to the definition;

(m) reference to a clause, sub-clause, schedule or a party is a reference to that clause, sub-clause, schedule or party in this agreement;

(n) reference to any document includes reference to that document (and, where applicable, any of its provisions) as amended, novated, supplemented, or replaced from time to time;

(o) each schedule and any other attachment forms part of this agreement;

(p) if there is any conflict between this agreement and the Constitution, this agreement shall prevail;

(q) "security interest" means:

(i) in respect of any personal property, a security interest (as defined in the Personal Property Securities Act 1999 ("PPSA"));

(ii) in respect of any other property or any rights in any other property (in each case to which the PPSA does not apply), any interest which, were the PPSA to apply to that property or those rights, would constitute such a security interest;
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(r) "written" and "in writing" include any means of reproducing words, figures or symbols in a tangible and visible form;

(s) a reference to anything of a particular nature following upon a general statement shall not in any way derogate from, or limit the application of the general statement, unless the particular context requires such derogation or limitation;

(t) reference to "month" or "monthly" means calendar month or calendar monthly, and

(u) a reference to "year" or "yearly" is a reference to a calendar year.

1.3 Fair Value: If it is necessary for any purpose of this agreement to determine the fair market value of Shares:

(a) the Company and the relevant Shareholder shall, for a period of five Business Days after one of them gives notice to the other, endeavor to agree on the fair market value of those Shares;

(b) if the Company and the relevant Shareholder do not agree on the fair market value of those Shares within the period of five Business Days referred to in clause 1.3(a), the fair market value shall be determined by an independent valuer agreed upon by the Company and the relevant Shareholder, or failing agreement within five Business Days after the end of that period, appointed on the application of either of them by the president for the time being of the New Zealand Institute of Chartered Accountants or his or her nominee;

(c) the person appointed as valuer under clause 1.3(b) shall:

(i) act as an expert and not as arbitrator;

(ii) determine the fair market value of the Shares as soon as possible, which valuation shall be conclusive;

(d) in determining the fair market value of the Shares, the valuer shall determine the fair market value of all of the Shares in the Company, and shall then determine the fair market value of the Shares in question as the appropriate percentage of the value of all Shares, so that no regard shall be had to the control of the Company, or to any premium for control or discount for lack of control;

(e) the Company and the relevant Shareholder shall promptly and openly make available to the valuer all information in their possession or under their control relating to the Company to enable the valuer to proceed with the valuation on an informed basis as to the financial position, affairs, performance, and prospects of the Company; and

(f) the fees and expenses of the valuer shall be paid by the Company and the relevant Shareholder in equal amounts, or in such other manner as the valuer may determine.

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2. BUSINESS OF COMPANY

2.1 Business: The Company shall carry on the business of raising debt funding (both domestically and internationally), and providing debt funding to Local Authorities and CCCs (as defined in the Multi-Issuer Pilot).

2.2 No other activity: The Company shall not engage in any business or activity which is not the business or activity specified in clause 2.1, or considered by the Board to be reasonably related or incidental to or in connection with that business or activity.

2.3 CCC: The Company shall at all times be a CCC.

2.4 Objectives: In accordance with the Local Government Act, in carrying on its business, the objectives of the Company will be to:

(a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent—The Shareholders agree that the Company shall carry on its business with a view to making a profit, sufficient to pay a dividend in accordance with the dividend policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;

(b) be a good employer;

(c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and

(d) conduct its affairs in accordance with sound business practices.

2.5 Policies: The business of the Company shall be carried on in accordance with the Policies and Statement of Intent, except as approved under clauses 3.6 and 5.1.

3. BOARD

3.1 Number of Directors: The Principal Shareholders shall ensure that:

(a) the number of Directors shall not at any time be more than seven nor less than four; and

(b) no less than a majority of Directors shall be Independent Directors.

3.2 Appointment by Shareholders: A person may be appointed or removed as a Director at any time by an Ordinary Resolution. The Directors at the date of this agreement are Paul Joseph Andersen, John Richard Avey, Max Alan Butcher, Philip Wade Cory-Wright, Abigail Kate Foste and Craig Hamilton, Stobo who, subject to the previous sentence and to clause 3.3 below, continue in office and are deemed to have been appointed pursuant to this agreement.

3.3 Rotation of Directors: Beginning at, and including, the annual meeting for 2010, two Directors comprising one Director who is an Independent Director and one Director who is not an Independent Director (unless there are only Independent Directors, in which case, both shall be Independent Directors) shall retire from office at the annual meeting of the
Company in each year. The Directors to retire shall be the Independent Director, and that non-independent Director, who have been longest in office since their last election (or if there are only independent Directors, those Independent Directors who have been longest in office since their last election). If two or more relevant Directors were last elected on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

3.4 Re-election of retiring Director: A Director retiring by rotation at a meeting shall, if standing for re-election, be deemed to have been re-elected unless:

(a) some other person is elected to fill the vacant office; or

(b) it is resolved not to fill the vacant office; or

(c) a resolution for the re-election of that Director is put to the meeting and lost.

3.5 Nomination of Directors: No person may be elected as a Director at a meeting (other than a Director retiring at the meeting) unless, not more than three months nor less than two months before the meeting, that person has been nominated by a Principal Shareholder entitled to attend and vote at the meeting by written notice to the Company and Shareholders' Council accompanied by the consent in writing of the person to the nomination. Notice of every valid nomination of a Director received by the Company before the closing date for nominations shall be sent by the Company to all persons entitled to attend the meeting together with, or as part of, the notice of meeting.

3.6 Remuneration: No remuneration or compensation for loss of office may be paid to a Director, and no other benefit may be provided to a Director, unless approved by Ordinary Resolution, provided that from the date of this agreement (unless and until altered with the approval of an Ordinary Resolution) the following fees shall be paid to Directors:

(a) a fee of $75,000 per annum to the Director acting as chairman of the Board, if that Director is an independent Director;

(b) a fee of $35,000 per annum to each other Director;

(c) a fee of $10,000 per annum to the Director acting as chairman of the audit and risk committee; and

(d) a fee of $7,500 per annum to each other Director appointed as a member of the audit and risk committee.

3.7 Payment of expenses: Notwithstanding the provisions of clause 3.6, Directors are entitled to be paid for all reasonable travel, accommodation and other expenses properly incurred by them in attending meetings of the Board, or any committee of the Board, or meetings of Shareholders, or otherwise in connection with the business of the Company.

3.8 Board meetings: Board meetings shall be held not less than once in each quarter in each year.

3.9 Board decisions: The following decisions of the Company shall be made by a resolution of the Board, and may not be delegated to any other person:
whether to take, and the nature of, any legal, enforcement or other action following the occurrence of an Event of Default; 

(b) whether to take, and the nature of, any legal, enforcement or other action (including declaring any Securities to be immediately due and payable) following an "Event of Default" (as defined in the Multi-Issuer Issuer Deed) or a default under clauses 7.9, 7.7, 7.8 or clause 7.7b of the Multi-Issuer Issuer Deed;

(c) without limiting clause 5.1, the preparation of a Statement of Intent as and when required by the Local Government Act, and

(d) without limiting clause 5.1, any amendment of, or departure from, the Policies or Statement of intent.

3.10 Conflict of Interest: No Director shall vote on a matter relating to any of the following:

(a) a matter as described in clause 3.9(a) as concerns a Participating Local Authority, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of the relevant Participating Local Authority or an employee (which term does not include acting only as a director) of a Participating CCQ owned (in whole or in part) by the Participating Local Authority;

(b) a matter as described in clause 3.9(b) as concerns a Participating Local Authority, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of the relevant Participating Local Authority or an employee (which term does not include acting only as a director) of a Participating CCQ owned (in whole or in part) by the Participating Local Authority;

and

(a) any amendment of, or departure from, the pricing Policy, if a Director is (or was at any time in the five years prior to the matter being put to vote) an employee or councillor of a Participating Local Authority, or

(i) an employee (which term does not include acting only as a director) of a GGO owned in whole or in part by the Participating Local Authority, any amendment of, or departure from, the pricing Policy, or

(ii) an employee or councillor of a CCQ Shareholder;

(b) a matter as described in clause 3.9(a) as concerns a Participating CCQ, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of a CCQ Shareholder of the relevant Participating CCQ or an employee (which term does not include acting only as a director) of the Participating CCQ, and

(c) a matter as described in clause 3.9(b) as concerns a Participating CCQ, if that Director is (or was, at any time in the five years prior to the matter being put to the vote) an employee or councillor of a CCQ Shareholder of the relevant Participating CCQ or an employee (which term does not include acting only as a director) of the Participating CCQ,
4. **SHAREHOLDERS' COUNCIL**

4.1 **Establishment:** The Shareholders shall ensure that a Shareholders' Council is established, maintained and operated in accordance with this agreement. The Shareholders' Council shall have no more than ten, and no less than five, members. The initial members of the Shareholders' Council shall be Alan Adcock, Mohan De Mel, Douglas Marshall, Matt Potton, Murray State, Mike Timmer, Brian Trott, Matthew Walker and Warwick Hayes (together with any person appointed by the New Zealand Government in accordance with clause 4.4.4).

4.2 **Role:** The role of the Shareholders' Council shall be to advise Shareholders on certain matters (with Shareholders, and not the Shareholders' Council, to make decisions with respect to those matters). The Shareholders' Council shall:

(a) review the performance of the Company and the Board, and report to Shareholders on these matters on a periodic basis, being no less frequently than every six months;

(b) make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors. For this purpose, the Shareholders' Council may request information from, and meet with, Directors (or persons nominated for election as Directors);

(c) make recommendations to Shareholders as to any matters which require the approval of Shareholders pursuant to clause 6.1.3.1, and

(d) endeavour to ensure that Shareholders are fully informed on matters concerning the Company, and endeavour to co-ordinate Shareholders on decisions required of Shareholders with respect to governance of the Company.

4.3 **Appointment of Nominating Local Authority by Shareholders:** A Principal Shareholder may be appointed or removed as a nominator to the Shareholders' Council ("Nominating Local Authority") at any time by an Ordinary Resolution, provided that no more than nine Nominating Local Authorities may be so appointed.

4.4 **Appointment of members of the Shareholders' Council:** Each Nominating Local Authority may appoint one member of the Shareholders' Council, and remove and replace any member so appointed by it, in each case, by notice to the Company. Each member appointed by a Nominating Local Authority must be an employee or councillor of that Nominating Local Authority. In addition, the New Zealand Government (for so long as it is a Shareholder) may appoint one other member of the Shareholders' Council, and remove and replace such other member so appointed by it, in each case, by notice to the Company.

4.5 **Notification and consent:** Each member of the Shareholders' Council appointed by a Nominating Local Authority must give consent in writing to the appointment (which consent shall confirm that the person shall comply with the terms of this agreement as they apply to members of the Shareholders' Council). Notice by a Nominating Local Authority of the appointment of a member and consent from that person to the appointment must be received by the Company before any member may attend a meeting of the Shareholders' Council.

4.6 **Rotation of Nominating Local Authorities:** Beginning at, and including, the annual meeting for 2013, the Shareholders shall ensure that two Nominating Local Authorities shall retire from office at the annual meeting of the Company in each year. The Nominating Local Authority with the oldest term shall be the first to retire. (This provision shall continue in place until the Nominating Authority of the Company is determined by an Ordinary Resolution and such Ordinary Resolution is adopted by Shareholders on the basis of a majority of the votes cast. In determining the Nominating Authority, Shareholders shall be entitled to vote as a class, and the appointment of the Nominating Authority is subject to the approval of the Nominating Authority of the Company.)
Authorities to retire shall be those who have been longest in office since their last election. If 
any or more of those Nominating Local Authorities were last elected on the same day, the 
Nominating Local Authority to retire shall (unless they otherwise agree among themselves) 
be determined by lot. A retiring Nominating Local Authority shall be eligible for re-election.

4.7 Re-election of retiring Nominating Local Authority. A Nominating Local Authority retiring 
by rotation at a meeting shall, if standing for re-election, be deemed to have been re-elected 
unless:
(a) some other Principal Shareholder is elected to fill the vacated office; or
(b) it is resolved not to fill the vacated office; or
(c) a resolution for the re-election of that Nominating Local Authority is put to the 
meeting and lost.

4.8 Nomination of Nominating Local Authority: No Principal Shareholder may be elected as 
a Nominating Local Authority at a meeting (other than a member retiring at the meeting) 
unless not less than one week prior to the notice of that meeting being sent to Shareholders, 
that Principal Shareholder has notified the Company in writing that it wishes to seek that 
election. The Company shall give notice that the Principal Shareholder is seeking that 
election to all persons entitled to attend the meeting together with, or as part of, the notice of meeting.

4.9 Meetings: Meetings of the Shareholders' Council shall be held not less than once in each 
quarter in each year.

4.10 Quorum: A quorum for a meeting of the Shareholders' Council shall be a majority of 
members. No business shall be transacted at a meeting of the Shareholders' Council if a 
quorum is not present.

4.11 No remuneration: No remuneration will be paid to the members of the Shareholders' 
Council for carrying out their functions as members of the Shareholders' Council.

4.12 Expenses: The Company will reimburse the members of the Shareholders' Council for all reasonable expenses incurred in carrying out their functions as members of the Shareholders' Council, including the reasonable fees and expenses of professional advisers engaged by the Shareholders' Council.

4.13 Information, assistance etc: The Company and the Shareholders agree that:
(a) the Company, each Director and each Principal Shareholder shall provide the 
Shareholders' Council with such reasonable information and assistance as is 
required by the Shareholders' Council to carry out the role set out in clause 4.24.2;
(b) without limiting clause 4.13(a), the Company shall provide the Shareholders' 
Council with such information and reports as are required by the Statement of Intent;
(c) the Shareholders' Council shall provide to the Company, for distribution to 
Shareholders, a report of its recommendations concerning any of the matters 
referred to in clause 4.2(b) and 4.2(c) and 4.2(b) and 4.2(c) to be considered by a 
meeting of Shareholders, and the Company shall distribute that report with the
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notice of meeting for that meeting (or the written resolution to be signed by
Shareholders, as the case may be); and

(e) If requested by the Shareholders' Council, the Company shall distribute a report for
the Shareholders' Council as to the matters referred to in clause 4.2(d) and
4.2(e) to Shareholders with reports delivered to Shareholders under clause
4.3(a) or clause 4.3(b).

4.14 Resignation of a member: A member of the Shareholders' Council:

(a) may resign by notice in writing to the Company; and

(b) shall be deemed to resign if:

(i) the person is no longer an employee or councillor of the Nominating
 Local Authority of which the person was an employee or councillor at the
time of appointment to the Shareholders' Council;

(ii) the Principal Shareholder who appointed that member is no longer a
Nominating Local Authority.

Where a member of the Shareholders' Council resigns or is deemed to resign
under this clause, the Nominating Local Authority of whom that member was an
employee or councillor, may appoint a replacement member to the Shareholders' Council
in accordance with clause 4.4.4.

4.15 Resignation of a Nominating Local Authority: A Nominating Local Authority:

(a) may resign by notice in writing to the Company; and

(b) shall be deemed to resign if that Nominating Local Authority is no longer a Principal
Shareholder.

(c) Where a Nominating Local Authority resigns or is deemed to resign, the member of
the Shareholders' Council appointed by that Nominating Local Authority shall be
deemed to resign also.

4.16 Deemed Nominating Local Authorities: The Principal Shareholders, of whom the
members of the Shareholders' Council as at 7 December 2011 were employees or
councillors, are each deemed to be a Nominating Local Authority as at the date of the
amendment to this agreement to provide for Nominating Local Authorities, and each such
Nominating Local Authority is deemed to have an election date of 7 December 2011 for the
purposes of clause 4.4.4. All members of the Shareholders' Council as at the date of the
amendment to this agreement to provide for Nominating Local Authorities are deemed to
have been appointed in accordance with clauses 4.4 and 4.4.4 and 4.5 by the Nominating
Local Authority of which they are an employee or councillor, or the New Zealand
Government (as applicable), at that time.

4.17 Other: Except as provided in this agreement, the Shareholders' Council may regulate its
own procedure.
5. SHAREHOLDER APPROVAL

5.1 Restrictions: Neither the Board nor any Shareholder shall take or permit any action to cause any of the following to occur in respect of the Company unless it is approved by an Ordinary Resolution or, if required by law, or in relation to clause 5.1(c), a Special Resolution:

(a) any alteration to, or revocation of, the Constitution;

(b) any alteration or amendment to this agreement;

(c) subject to clause 5.1(c), any alteration to, or departure by the Company from any of the policies set out in schedule 1, whether such an alteration or departure will occur by way of amendment to, or departure from, a Policy or the Statement of Intent, or by way of the adoption of a new Statement of Intent or a new Policy;

(d) the payment of dividends other than in cash;

(e) [not used]

(f) any issue of Shares, securities that are convertible into or exchangeable for Shares, or options to acquire Shares except:

(i) pursuant to the First Offering;

(ii) the issue of Borrower Notes, or the issue of Redeemable Shares on the conversion of any Borrower Notes; and

(iii) the issue of any Redeemable Shares pursuant to a Guarantor's Equity Commitment;

(g) any purchase or other acquisition by the Company of its own Shares and any redemption of Shares (other than of Redeemable Shares in accordance with clause 6.4);

(h) any consolidation, division, or subdivision of Shares;

(i) the giving of any financial assistance for the purpose of, or in connection with, the purchase of Shares, except any financial assistance given for the purpose of, or in connection with:

(i) a Guarantor's Equity Commitment; and

(ii) Borrower Notes, or the conversion of any Borrower Notes; or

(k) any alteration to, or departure by the Company from, the following policy set out in schedule 1 whether such an alteration or departure will occur by way of amendment to, or departure from, a Policy, or by way of the adoption of a new Policy.
the Board may not approve a GCO to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of shareholders of the GCO are held or controlled, directly or indirectly, by one or more Local Authorities and the Crown (if applicable).

6. SHARES

6.1 Classes: The Company may issue the following classes of Shares only:

(a) Ordinary Shares;

(b) Redeemable Shares, pursuant to a Guarantor's Equity Commitment or the conversion of the Borrower Notes; and

(c) any other class of Shares approved by Shareholders under clause 5.1(f).

6.2 Shareholders: Only a Local Authority or the New Zealand Government may be a Shareholder, and no person may become a Shareholder without entering into an Accession Deed (so as to be bound by this agreement) or being deemed to have agreed to be bound by this agreement. No person may become the holder of any Ordinary Shares (other than the New Zealand Government) unless that person is a Guarantor and has entered into a Guarantor's Equity Commitment.

6.3 Calls: Calls on any Ordinary Shares which are not fully paid up shall be made at such times, and in such amounts, as determined by the Board, provided that the Board has determined that there is a risk of imminent default by the Company under its Borrowed Money Indebtedness. Any call on Ordinary Shares shall be made proportionately across all Ordinary Shares which are not fully paid up on the date the call is made. Payment of a call shall be made within 10 Business Days of notice of the call being provided to a Shareholder.

6.4 Redemption: In the event the Company determines to redeem any Redeemable Shares, any redemption must be effected, if the redemption is required by a Guarantor's Equity Commitment, in accordance with the Guarantor's Equity Commitment and otherwise:

(a) such that the Redeemable Shares are redeemed in the order in which they were issued; and

(b) if Redeemable Shares were issued at the same time, proportionately across the holders of such Redeemable Shares (in accordance with the number of Redeemable Shares held).

6.5 Additional funding: A Shareholder shall not have any obligation to contribute any funding to the Company except as expressly set out in this agreement or in any other legally binding documentation entered into between the Company and that Shareholder.

7. FIRST OPENING

7.1 Initial Shareholdings: Immediately following the First Opening (which shall take place on or about the date of this agreement), each Principal Shareholder as at the date of this
7.2 **Reimbursement**: From the proceeds received pursuant to the First Opening, the Company shall pay to each Local Authority listed in schedule 3 the amount listed alongside its name in that schedule, in reimbursement of payments made by such Original Principal Shareholder to New Zealand Local Government Association Inc. (“NZLGA”) to fund the establishment costs of the Company.

7.3 **Repayment**: The parties acknowledge that the New Zealand Government has made an advance to NZLGA to assist with the funding of the establishment costs of the Company. The Company shall pay to the New Zealand Government an amount of $960,000.00 by way of set off from the amount to be paid by the New Zealand Government to the Company pursuant to the First Opening. Following such payment and notwithstanding the terms of any facility or other agreement between NZLGA and the New Zealand Government, the New Zealand Government shall forgive (in writing) the advance made by it to NZLGA.

7.4 **NZLGA funds**: Following completion of the payments referred to in clauses 7.2 and 7.3, each Original Principal Shareholder shall direct NZLGA (in writing) to pay to the Company all monies which remain held by NZLGA from payments made to it by that Original Principal Shareholder as referred to in clauses 7.2 and 7.3 (to the extent not required by NZLGA to pay establishment costs).

8. **SECOND OPENING**

8.1 **Board to determine**: The Board shall determine when, and if, the Second Opening is to occur, and shall provide the then current Shareholders with not less than 23 Business Days' notice of the Second Opening in accordance with clause 8.2.

8.2 **Pro rata sell down**: In the Second Opening, each Principal Shareholder (other than the New Zealand Government) (“Sell-Down Shareholder”) shall, subject to the following provisions of this clause 8, be required to transfer a number set by the Company of the Ordinary Shares held by the Sell-Down Shareholder to Incoming Principal Shareholders (as directed by the Company) (which number may comprise a number of paid up Ordinary Shares, and a number of Ordinary Shares which are not fully paid up, as set by the Company). The Company shall, subject to the following provisions of this clause 8, set that number for each Sell-Down Shareholder such that:

(a) If the Sell-Down Shareholder holds Ordinary Shares which are not fully paid up, the Ordinary Shares to be transferred are such that, following the transfer, the Sell-Down Shareholder would hold paid up Ordinary Shares, and Ordinary Shares which are not fully paid up, in the same proportion as prior to the transfer;

(b) The proportion of Ordinary Shares to be transferred by each Sell-Down Shareholder shall be the same, otherwise:

(1) Where a Sell-Down Shareholder would, as a result of such a transfer, hold less than 100,000 fully paid Ordinary Shares, in which case the Company shall set the number of Shares for that Sell-Down Shareholder as the maximum number which could be transferred by that Sell-Down Shareholder without the Sell-Down Shareholder thereafter holding less than 100,000 fully paid Ordinary Shares; and
as considered reasonable by the Company to allow for rounding; and

(c) Auckland Council, Christchurch City Council, Hamilton City Council, Tasman District Council, Taupō City Council, Wellington City Council, Wellington Regional Council, Western Bay of Plenty District Council and Whanganui District Council shall, following that transfer, retain (in aggregate) 51% of all Ordinary Shares, provided that this clause 8.2(c) shall have no application if such Local Authorities did not hold (in aggregate) 51% of all Ordinary Shares immediately prior to the Second Opening.

The Company shall provide each Sell-Down Shareholder with written notice of the number of Ordinary Shares which it (subject to the following provisions of this clause 8) is required to transfer as part of the Second Opening ("Specified Sale Number"), and the numbers of paid up Ordinary Shares and Ordinary Shares which are not fully paid up comprised in the Specified Sale Number, not less than 25 Business Days before the date of the Second Opening.

8.3 Non-pro rata sell down: If a Sell-Down Shareholder ("Non-Pro Rata Sell-Down Shareholder") wishes to sell less than the Specified Sale Number, within five Business Days of receipt of the notice under clause 8.2, the Non-Pro Rata Sell-Down Shareholder shall provide the Company with written notice of the number of Ordinary Shares of the Specified Sale Number that it wishes to retain ("Retained Share Number"). Any such notice shall also set out the number of paid up Ordinary Shares, and Ordinary Shares which are not fully paid up, comprised in the Retained Share Number, which numbers must be in the same proportion as they are comprised in the Specified Sale Number (and if they are not, the notice shall be disregarded). If no such written notice is given by a Sell-Down Shareholder, then (subject to the following provisions of this clause 8) such Sell-Down Shareholder shall be obliged to transfer the Specified Sale Number of Ordinary Shares (comprised of such numbers of paid up Ordinary Shares, and Ordinary Shares which are not paid up, as were specified in the notice of the Company under clause 8.2) as part of the Second Opening.

8.4 Other Shareholders: If one or more Non-Pro Rata Sell-Down Shareholders serves a notice in accordance with clause 8.3, the Company shall, within three Business Days of the expir}
(a) no notice is received from Sell-Down Shareholders in accordance with clause 8.4, each Non-Pro Rata Sell-Down Shareholder shall be obliged to transfer the Specified Rata Number of Ordinary Shares (comprising of such numbers of paid up Ordinary Shares, and Ordinary Shares which are not paid up, as were specified in the notice of the Company under clause 8.2) in the Second Opening;

(b) notices are received from Sell-Down Shareholders in accordance with clause 8.4, the Company shall determine:

(i) for each Non-Pro Rata Sell-Down Shareholder, the number of paid up Ordinary Shares, and Ordinary Shares which are not paid up, by which the Specified Rata Number of the Non-Pro Rata Sell-Down Shareholder shall be reduced (which may not exceed the numbers set out in the notice given by the Non-Pro Rata Sell-Down Shareholder under clause 8.3); and

(ii) for each Sell-Down Shareholder which gave notice under clause 8.4, the number of paid up Ordinary Shares, and Ordinary Shares which are not paid up, by which the Specified Rata Number of the Non-Pro Rata Sell-Down Shareholder shall be increased (which may not exceed the numbers set out in the notice given by the Sell-Down Shareholder under clause 8.4).

In making that determination the Company shall act fairly and equitably as between Shareholders. The determination of the Company shall be final and binding on all parties, and each Sell-Down Shareholder shall be entitled to transfer the Specified Rata Number of Ordinary Shares as so reduced or increased by the Company (comprising of such numbers of paid up Ordinary Shares, and Ordinary Shares which are not paid up, as so determined by the Company) as part of the Second Opening.

8.6 Notice: The Company shall give notice to all Sell-Down Shareholders of the number of Ordinary Shares which it is required to transfer as part of the Second Opening, and the number of paid up Ordinary Shares and Ordinary Shares which are not paid up, comprising in that number, in accordance with clauses 9.2 to 9.5, within three Business Days of the expiry of the five Business Days referred to in clause 8.4, if clause 8.5(a) is applicable, and otherwise within three Business Days of its determination under clause 8.5(b).

8.7 Price: Any Ordinary Shares to be transferred as part of the Second Opening shall be transferred at a price per share equal to the amount paid up on that share at the time of the Second Opening.

8.8 Terms of sale: The purchase of any Ordinary Shares as part of the Second Opening shall be effected on the following terms:

(a) each Sell-Down Shareholder shall transfer the Ordinary Shares which it is obliged to transfer as part of the Second Opening to such incoming Principal Shareholder as notified to such Sell-Down Shareholder by the Company pursuant to clause 8.9;

(b) the purchase of the Ordinary Shares shall be settled on the date of the Second Opening;
(c) each Self-Down Shareholder shall transfer to each Incoming Principal Shareholder good title to the Ordinary Shares free of any security interest; and

(c) on settlement of the purchase of the Ordinary Shares, eachIncoming Principal Shareholder shall pay the purchase price to the relevant Self-Down Shareholder in cleared funds, the Self-Down Shareholder shall deliver to the relevant Incoming Principal Shareholder a transfer of the Ordinary Shares in a form reasonably acceptable to that Incoming Principal Shareholder, and each Incoming Principal Shareholder and Self-Down Shareholder shall enter into and deliver to the Company an Accession Deed in accordance with clause 10.11. If any Shareholder fails to enter into the Accession Deed, it shall nonetheless be conclusively deemed to have done so. The Board shall take all necessary steps to cause the Incoming Principal Shareholder to be registered as holder of the relevant Ordinary Shares.

8.9 Clause 16: Nothing in clause 10 (except clause 10.11) applies to a transfer of Ordinary Shares in the Second Opening.

9. SECTION 107 CONSENTS

9.1 Consent: Each Shareholder hereby consents:

(a) for the purposes of section 107(d) of the Companies Act, to any redemption from time to time, in accordance with this agreement and the Constitution, of any of the Redeemable Shares by the Company, being otherwise than in accordance with sections 59 to 72 of the Companies Act;

(b) for the purposes of section 107(e) of the Companies Act, to financial assistance (if any) being given by the Company from time to time for the purpose of, or in connection with, the purchase of any Shares, otherwise than in accordance with sections 76 to 80 of the Companies Act, where such assistance is in the form of:

(i) any loan, advance or other financial accommodation given by the Company which funds (directly or indirectly) the subscription by a Participating Local Authority of Borrower Notes, or of the Redeemable Shares issued on conversion of Borrower Notes, and any incidental assistance, or

(ii) any loan, advance or other financial accommodation given by the Company which funds (directly or indirectly) the subscription by a Guarantor of Redeemable Shares pursuant to the Guarantor’s Equity Commitment, and any incidental assistance, and

(c) for the purposes of section 107(2) of the Companies Act, to any issue of Redeemable Shares from time to time pursuant to conversion of Borrower Notes, or pursuant to a Guarantor’s Equity Commitment, being otherwise than in accordance with sections 42, 44 or 45 of the Companies Act.

9.2 No withdrawal: Each Shareholder consents that it shall not withdraw any consent provided under clause 9.1. If any Shareholder does withdraw any such consent, this shall constitute a breach of this agreement which shall be an Event of Default.
9.3 **Not exhaustive:** For the avoidance of doubt, nothing in this clause 9 prohibits or restricts
the Board or the Company from redeeming any Shares, providing financial assistance for the
purpose of, or in connection with, the purchase of any Shares or issuing any Shares without
consent under section 107 of the Companies Act, where permitted under the Companies
Act, and subject to the other terms of this agreement.

10. **PRE-EMPTIVE RIGHTS**

10.1 **No Sale:** No Principal Shareholder shall directly or indirectly sell, transfer, or dispose of the
legal or beneficial ownership of, or the control of, any of its Ordinary Shares otherwise than
in compliance with clause 8, this clause 10 or clause 13. No interest in, or control of, any
Ordinary Share may be sold, transferred or disposed of except the full legal and beneficial
ownership of an Ordinary Share.

10.2 **Sale Notice:** If any Principal Shareholder ("Selling") wishes to sell, transfer or otherwise
dispose of the legal or beneficial ownership of, or the control of, any of its Ordinary Shares
("Sale Interest"), such Shareholder shall give notice (a "Sale Notice") to the other Principal
Shareholders specifying:

(a) the precise nature of the Sale Interest (including the number of Shares involved,
which must be an equal proportion of any paid up, and unpaid, Ordinary Shares
held by the Seller),

(b) the price which the Seller wishes to receive for the Sale Interest, and

(c) any other terms and conditions of sale of the Sale Interest (which shall be
described sufficiently precisely to enable an acceptance of the offer in the Sale
Notice to constitute a binding contract).

10.3 **Acceptance of Sale Notice:** Each Principal Shareholder other than the Seller may, not later
than the date ("Acceptance Date") 10 Business Days after the giving of the Sale Notice,
give notice to the Seller that that Principal Shareholder wishes to acquire the Sale Interest on
the terms specified in the Sale Notice.

10.4 **Terms of Sale:** A Principal Shareholder which gives notice to the Seller in accordance with
clause 10.3 that it wishes to acquire the Sale Interest (a "Buyer") shall be entitled and bound
(subject to clause 10.5) to acquire the Sale Interest. If more than one Principal Shareholder
gives notice to the Seller that it wishes to acquire the Sale Interest, those Principal
Shareholders shall be entitled and bound to acquire the Sale Interest in proportion to their
respective holdings of Ordinary Shares. The purchase of the Sale Interest shall be effected
at the price, and on the terms and conditions, specified in the Sale Notice, and, subject to
anything to the contrary in the Sale Notice, on the following terms:

(a) the purchase of the Sale Interest shall be settled on the date 10 Business Days
after the Acceptance Date, or if clause 10.5 applies, 10 Business Days after
the last of the consents referred to in clause 10.5 is obtained;

(b) if there is more than one Buyer, the purchase of the Sale Interest by all Buyers
shall be settled simultaneously;

(c) the Seller shall transfer to each Buyer good title to its relevant part of the Sale
Interest free of any security interest; and
(d) on settlement of the purchase of the Sale Interest each Buyer shall pay the relevant purchase price to the Seller in cleared funds, and the Seller shall deliver to each Buyer a transfer of its relevant part in the Sale Interest in a form reasonably acceptable to that Buyer. All Shareholders and the Board shall take all necessary steps to cause the Buyer to be registered as holder of the relevant Shares.

10.5 Consents: Each Buyer and the Seller shall use their reasonable endeavours, with all due speed and diligence, to obtain all necessary consents to the sale and purchase of the Sale Interest, including any consent required from any governmental or regulatory agency or authority. If any necessary consent is:

(a) not granted within 20 Business Days after the Acceptance Date; or
(b) granted on terms and conditions that are not reasonably acceptable to the party affected thereby,

the Seller or any Buyer may, by notice to all Principal Shareholders, terminate the obligation to buy and sell the Sale Interest created by clause 10.4.

10.6 Sale to other Local Authorities: If:

(a) no notice is given to the Seller pursuant to, and within the time specified in, clause 10.3; or
(b) the obligation to buy and sell the Sale Interest is terminated pursuant to clause 10.5 by reason of a consent required on the part of any Buyer not being granted, or being granted on terms and conditions not reasonably acceptable to any Buyer,

the Seller may, subject to clause 10.8 and 10.11 within 60 Business Days of the date of the Sale Notice, transfer the Sale Interest to a Local Authority or the New Zealand Government for a price not less than, and on terms and conditions no more favourable than, specified in the Sale Notice. For this purpose, terms and conditions offered to another Local Authority or the New Zealand Government shall not be considered to be more favourable to a buyer than those specified in the Sale Notice by reason only:

(c) that the terms offered to that person include normal and reasonable warranties; or
(d) of exclusion in the terms offered to that person of terms which give no material value to a buyer.

10.7 Assistance: For the purpose of clause 10.8, each Shareholder shall provide such assistance as may reasonably be required by the Seller for the purposes of enabling the Seller to solicit offers for, and sell, the Sale Interest including:

(a) allowing prospective purchasers and their advisers to carry out reasonable due diligence enquiries (subject to those persons entering into appropriate confidentiality arrangements); and
(b) enabling completion of any such sale to take place.

10.8 Approval of purchaser: The Seller shall not transfer a Sale Interest to any person unless the Seller has obtained the prior written approval of the Board to registration pursuant to clause 12.5 of the Constitution (which approval may be granted or not in accordance with clause 12.5 of the Constitution).
10.9 Clause to apply again: if:
(a) notice is given to the Seller pursuant to clause 10.8, but the obligation to buy and sell the Sale Interest is terminated pursuant to clause 10.6 (other than for the reason specified in clause 10.6(b));
(b) the Seller proposes to sell, transfer, or otherwise dispose of the Sale Interest outside the period referred to in clause 10.6, or at a price, or on terms and conditions more favourable to a buyer than, specified in the Sale Notice, or
(c) the Seller does not obtain the approval referred to in clause 10.8,
clauses 10.1 to 10.9 shall again apply.

10.10 Redeemable Shares: Clauses 10.1 to 10.9 shall not apply to Redeemable Shares. No Shareholder shall directly or indirectly sell, transfer, or dispose of the legal beneficial ownership of, or control of, any of its Redeemable Shares except with the prior written approval of the Board (which approval may be granted or not, at the discretion of the Board).

10.11 Accession Deed: Wherever a Shareholder transfers the legal or beneficial ownership of any Shares to a person who is not a party to this agreement, that person and that Shareholder shall enter into and deliver to each other an Accession Deed. Each person entering into an Accession Deed shall also deliver to the Company such evidence as it reasonably requires in order to be satisfied that that Accession Deed is valid, binding, and enforceable as against that person. The Company is irrevocably authorised to execute each Accession Deed on behalf of all Shareholders (other than the transferring Shareholder).

10.12 Security: Notwithstanding the other provisions of this clause 10, a Shareholder shall, subject to obtaining the prior written consent of the Board (which approval may be granted or not, at the discretion of the Board), be permitted to grant a security interest over its Shares subject to the holder of the security interest agreeing, in a form reasonably acceptable to the Company, to be bound by this agreement.

10.13 Amalgamation: Nothing in clauses 10.1 to 10.11 shall apply to a Local Authority succeeding, by process of law, to the Shares of another Local Authority, pursuant to an amalgamation of Local Authorities.

11. PROTECTED TRANSACTION

11.1 [Not used]

11.2 [Not used]

11.3 Protected transaction: Each Principal Shareholder (other than the New Zealand Government) warrants that, for the purposes of section 117 of the Local Government Act, the entry by it into, and the performance by it of, this agreement, is:
(a) in compliance with the Local Government Act;
(b) not contrary to any provision of the Local Government Act;
(c) within the capacity, rights and powers of the relevant Principal Shareholder; and
12. FINANCIAL

12.1 Records: The Board shall ensure that proper accounting and other records of the Company are maintained in accordance with generally accepted accounting practice (as defined in section 5 of the Local Government Act) and all relevant legal requirements.

12.2 Audit: The Board shall ensure that the financial statements of the Company are audited by the Auditor as at the end of each financial year (as defined in section 5 of the Local Government Act).

12.3 Reporting: The Company must provide reports to Shareholders in accordance with the requirements of the Local Government Act, including:

(a) by the end of February in each year, the Board must deliver to Shareholders a report on the Company’s operations during the six month period ending on 31 December in the previous year in accordance with section 56 of the Local Government Act; and

(b) by the end of September in each year, the Board must deliver to Shareholders, and make available to the public, a report on the Company’s operations during the year ending on the preceding 30 June in accordance with section 67 of the Local Government Act.

The Company must provide to Shareholders a copy of its unaudited financial statements for the six month period ending on 31 December in the previous year together with the half-yearly report to be delivered pursuant to clause 12.3(a).

12.4 Debenture Trust Deed Notifications: The Company shall:

(a) to the extent known by the Company, notify each Shareholder (in writing) of any Event of Default affecting any other Shareholder or Guarantor as soon as reasonably practicable after its occurrence, and of the steps taken or proposed to be taken in relation to such Event of Default, provided that:

(i) the Company’s obligation under this clause 12.4(a) only applies in respect of Securities of which it is the Holder; and

(ii) the Company shall not be liable for:

(oo) any failure to provide such notification to a Shareholder, or

(bb) any inaccurate, incomplete or incorrect information given in such a notification, provided the notification is given by the Company in good faith; and

(b) promptly notify each Shareholder (in writing) if the Board determines that there is a risk of imminent default under any Borrowed Money Indebtedness.

(ba) to the extent known by the Company, promptly notify each Shareholder (in writing).
(i) if any Event of Default (as defined in the Multi-Issuer Deed) occurs in relation to a Participation CCO; or

(ii) where there is a risk that the CCG Shareholder will not be able to meet an obligation to pay any amount unsecured and/or unpaid in respect of its Participating CCO:

(c) within one Business Day of receipt of a written request from a Shareholder or the Shareholder’s Trustee, notify the Shareholder and the Shareholder’s Trustee (in writing) of the “nominal amount” of the Security Stock:

(i) held by the Company in respect of the Shareholder’s obligations under each of the Multi-Issuer Deed and, where the Shareholder is a Guarantor, the Equity Commitment Deed, and

(ii) where the Shareholder is a Guarantor, held by the Security Trustee in respect of the Shareholder’s obligations under the Guarantee,

in each case, as at the date of the Company’s notification.

In this clause 12.4, “Holder”, “Security Trustee”, “Trustee”, “Security Stock”, “Equity Commitment Deed” and “Guarantee” each have the meaning given in the Multi-Issuer Deed.

12.5 SOL reporting: The Company must provide quarterly reports to the Shareholders’ Council in accordance with any requirements of the Statement of Intent (which shall include, without limitation, to the extent known by the Company, details of any Event of Review occurring in any quarter, and the steps taken (or proposed to be taken) by the Company in relation to that Event of Review, and provided that clause 12.4(e)(6) shall also apply to any such notification (or failure to provide any such notification) concerning an Event of Review).

13. DEFAULT

13.1 Consequences: In an Event of Default occurs in respect of a Shareholder (the “Defaulting Shareholder”):

(a) the Company may, while that Event of Default continues, by notice in writing to the Defaulting Shareholder require that the Defaulting Shareholder transfer all of its Shares to a Local Authority, the New Zealand Government or the Company, as the Board may determine, at Fair Value. Clauses 11.2 to 11.4 of the Constitution shall apply to any such transfer as if it were the sale of a forfeited Share under those provisions. Clause 10 (other than clause 10.11) of the agreement shall not apply to any such transfer;

(b) while that Event of Default continues, the Defaulting Shareholder shall not be entitled to exercise any votes attaching to its Shares; and/or

(c) while that Event of Default continues, the Defaulting Shareholder shall not be entitled to receive any dividends or other distributions which may become payable in respect of any of its Shares, provided that, if the Event of Default is remedied, the amount of any accrued but unpaid dividends or other distributions will be paid to the Defaulting Shareholder as soon as reasonably practicable following such
13.2 Default Interest: If any party does not pay any amount payable under this agreement on the due date for payment ("Due Date"); that party shall pay to the other party interest (both before and after judgment) on that amount. That interest:
   (a) shall be paid at the Bill Rate plus five per cent. per annum;
   (b) shall be paid by instalments at intervals of ten Business Days from the Due Date;
   and
   (c) shall be calculated on a daily basis from and including the Due Date until the unpaid amount is paid in full.

The right of a party to require payment of interest under this clause does not limit any other right or remedy of that party.

13.3 Other remedies: Clauses 13.1, and 13.2 are without prejudice to any other right, power or remedy under this agreement, at law, or otherwise, that any person has in respect of a default by any party. The parties agree that no sale of a Share under clause 11.1 of the Constitution may be made except at a price which is equal to or greater than Fair Value, and that nothing in clause 10 (except clause 10.11) shall apply to any such sale.

14. CONFIDENTIALITY

14.1 Confidentiality Obligation: Subject to clause 14.2, each Shareholder and, in respect of (a) and (b) below only, the Company, shall keep confidential, and make no disclosure of:
   (a) the existence and contents of this agreement;
   (b) all information obtained from the Shareholders under this agreement or in the course of negotiations in respect of this agreement, and
   (c) all information obtained from the Company, or developed or held for the purposes of the Company.

(together "Information").

14.2 Exceptions: Information may be disclosed by a Shareholder or the Company if:
   (a) written consent to the disclosure is given by the party to which the Information relates;
   (b) disclosure is required by law, is necessary to comply with the listing rules of any recognised stock exchange, or if the Company determines disclosure is in any prospectus, investment statement, product disclosure statement, offering memorandum or offer or disclosure document of the Company is necessary or desirable; or
   (c) disclosure is necessary to obtain the benefits of, and fulfil obligations under, this agreement or as necessary for the enforcement of, any proceedings or claims.
with respect to, this agreement (or any other agreements or deeds which concern the Company);

(c) that information already is, or becomes, public knowledge other than as a result of a breach of clause 14.1 by that Shareholder or the Company (as the case may be); or

e) disclosure is made to a lawyer, accountant or other professional adviser of that Shareholder or the Company.

15. NOTICES
15.1 Writing: Each notice or other communication to be given or made under this agreement to any person must:

(a) Writing: to be given or made in writing by email or letter and be signed by the sender or an authorised officer of the sender;

(b) Address: to be given or made to the recipient at the address or email address and marked for the attention of the person (if any), from time to time designated by the recipient to the other for the purposes of this agreement;

(c) Deemed delivery: not to be effective until received by the recipient, and any such notice or communication shall be deemed to be received:

(i) (if given or made by letter) when left at the address of the recipient or 6 Business Days after being put in the post, postage prepaid, and addressed to the recipient at that address; or

(ii) (if given or made by email) when dispatched in tangible, readable form by the sender to the email address advised by the recipient from time to time,

provided that any notice or communication received or deemed received after 5pm on a working day in the place to which it is sent, or on a day which is not a working day in that place, shall be deemed not to have been received until the next working day in that place.

15.2 Initial address and numbers: The initial address, email address and person (if any) designated for the purpose of this agreement, are set out in schedule 6.

16. DISPUTES
16.1 Arbitration: Any dispute, difference or claim arising out of or in connection with this agreement, or the subject matter of this agreement, including any dispute as to its existence or validity ("Dispute") will be referred to arbitration by a single arbitrator. The arbitration will be commenced by a party giving notice to the other parties stating the subject matter and details of the Dispute and requiring the Dispute to be referred to arbitration. The arbitrator will be appointed by the parties, or failing agreement within 10 Business Days after, and exclusive of, the date of giving the notice, will be appointed at the request of a party by the president or vice-president for the time being of the New Zealand Law Society or the nominee of such president or vice-president. The place of arbitration will be Auckland.
16.2 Appeals on points of law: The parties waive any right to seek a determination by the court of a preliminary point of law (pursuant to section 4, Second Schedule to the Arbitration Act 1996) and to appeal on a question of law (pursuant to section 6, Second Schedule to the Arbitration Act 1996).

16.3 Costs: The parties will bear their own costs (including legal costs) and an equal share of the costs of the award in relation to the arbitration, unless the arbitrator determines that a party shall bear some proportion of, or all of, the costs of any other party because of impropriety, lack of cooperation or unreasonable conduct by that party.

16.4 Binding: The determination of an arbitrator appointed pursuant to clause 16.1 shall be binding on the parties.

17. WARRANTIES
17.1 Warranties: Each party represents and warrants that:

(a) Power: it has full legal capacity and power to enter into this agreement and to carry out the transactions that it contemplates;

(b) Authorisations: it holds each Authorisation that is necessary or desirable to:

(i) execute this agreement and to carry out the transactions that it contemplates;

(ii) ensure that this agreement is legal, valid, binding and admissible in evidence; or

(iii) enable it to properly carry on its business, and it is complying with any conditions to which any of these Authorisations is subject;

(c) Documents effective: this agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditors’ rights generally); and

(d) No contravention: neither its execution of this agreement nor the carrying out by it of the transactions that it contemplates, does or will:

(i) contravene any law to which it or any of its property is subject or any order that is binding on it or any of its property;

(ii) contravene any Authorisation;

(iii) contravene any undertaking or instrument binding on it or any of its property; or

(iv) require it to make any payment or delivery in respect of any financial accommodation or financial instrument before it would otherwise be obliged to do so.

17.2 Consultation: Without limiting clause 17.1, each Shareholder which is a Local Authority represents and warrants to each other party that is has complied with section 56 of the Local
18.  GENERAL

18.1  Term:  This agreement shall terminate on the earlier of:
(a)  the date on which the liquidation of the Company is completed; and
(b)  the date on which one person owns all of the Shares.

18.2  No partnership, joint venture: Nothing in this agreement shall create or evidence any partnership, joint venture, agency, trust or employee/employer relationship between any of the Shareholders, and a Shareholder may not make, or allow to be made, any representation that any such relationship exists between any of the Shareholders. A Shareholder shall not have authority to act for, or to incur any obligation on behalf of, any other Shareholder, except as expressly provided for in this agreement. No Shareholder has any obligation of good faith or similar obligation to any other Shareholder.

18.3  Counterparts: This agreement is deemed to be signed by a party if that party has signed or attached that party's signature to any of the following formats of this agreement:
(a)  an original;
(b)  a facsimile copy;
(c)  a photostat;
(d)  a PDF or email image copy;

and if every party has signed or attached that party's signature to any such format and delivered it in any such format to the other parties, then the executed format shall together constitute a binding agreement between the parties.

18.4  Entire agreement: This agreement constitutes the entire agreement between the parties relating to the subject matter of this agreement and supersedes and cancels any previous agreement, understanding or arrangement whether written or oral.

18.5  Severance: If any provision of this agreement is, or becomes unenforceable, illegal or invalid for any reason it shall be deemed to be severed from this agreement without affecting the validity of the remainder of this agreement and shall not affect the enforceability, legality, validity or application of any other provision of this agreement.

18.6  Further assurance: Each party shall make all applications, execute all documents and do or procure all acts and things reasonably required to implement and to carry out its obligations under and the intention of, this agreement.

18.7  Amendment: This agreement may be amended in accordance with the terms of any Ordinary Resolution. If any such Ordinary Resolution is passed, the amendment recorded in that resolution shall take effect in accordance with their terms, and the Company shall prepare a deed recording such amendments, and may execute that deed on behalf of each Shareholder. Each Shareholder irrevocably appoints the Company as its attorney to execute such a deed on its behalf.
10.6 **Governing law.** This agreement is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this agreement.

13.9 **No guarantee.** The parties acknowledge that the obligations and liabilities of the Company under this agreement are not guaranteed by the Crown.

**SIGNATURES**

[Original execution blocks intentionally deleted]
SCHEDULE 1
Foundation Policies
(Clauses 5.

All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of
Shareholders. Any alteration requires approval pursuant to Clause 6.4.5.1.

Credit Risk

Lending Policy

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related
  obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant)
  guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company (to negotiate enter into facility
  arrangements) with the Company.
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:

  □ Unrated Local Authorities or Local Authorities with a long-term credit rating lower than
    'A' equivalent can have bespoke financial covenants that exceed the
    - Lending policy covenants outlined in the following table with the approval of
      the Board;
    - Foundation policy covenants outlined in the following table with the approval
      of an Ordinary Resolution.
  □ Local Authorities with a long-term credit rating of 'A' equivalent or higher will not be
    required to comply with the lending policy covenants in the following table, and can
    have bespoke financial covenants that exceed the foundation policy covenants
    outlined in the following table with the approval of an Ordinary Resolution.
  □ Any Board or Ordinary Resolution approval of bespoke financial covenants will only be
    provided after a robust credit analysis and any approval must also include bespoke
    reporting and monitoring arrangements.

If the principal amount of a Local Authority's borrowings or the Company's commitment under
a facility agreement with a Local Authority is at any time equal to or greater than NZD 20
million, be a party to a deed of guarantee and an equity commitment deed (in each case in a
form set by the Company).

<table>
<thead>
<tr>
<th>Financial covenant</th>
<th>Lending policy covenants</th>
<th>Foundation policy covenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / Total Revenue</td>
<td>&lt;116%</td>
<td>&lt;20%</td>
</tr>
<tr>
<td>Net Interest / Total Revenue</td>
<td>&lt;20%</td>
<td>&lt;20%</td>
</tr>
<tr>
<td>Net Interest / Annual Rates Income</td>
<td>&lt;25%</td>
<td>&lt;30%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>&gt;110%</td>
<td>&gt;110%</td>
</tr>
</tbody>
</table>
Total Revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

Net debt is defined as total debt less liquid financial assets and investments.

Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

Net interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

Actual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities pay).

Financial covenants are measured on Council only basis and not consolidated group basis unless measured by a Local Authority and approved by the Board.

During the initial three years of operation the Auckland Council will be limited to a maximum of 60% of the Company's total Local Authority (including CCCs (as defined below)) assets. After three years Auckland Council will be limited to a maximum of 40% of the Company's total Local Authority (including CCCs) assets.

No more than the greater of NZD 100 million or 33% of a Local Authority's or CCC's (as defined below) borrowings from the Company will mature in any 12 month period.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCC (as defined below) which may be a Council-Controlled Trading Organisation, an approved CCC may borrow from the Company provided that:

- The CCC is a "council-controlled organisation" as defined in section 9 of the Local Government Act 2002, where the CCC is a company in which equity securities carrying at least 61% or more of the voting rights at a meeting of the shareholders of the CCC are held or controlled, directly or indirectly, by one or more Local Authorities (respectively, a "CCC" and each such Local Authority being a "CCC Shareholder").

- Each CCC Shareholder provides a guarantee in respect of the CCC in favour of the Company and/or there is sufficient unsecured capital in respect of the CCC to meet the financial obligations of the CCC.

- Each CCC Shareholder provides equity commitment liabilities to the Company, guarantees to a security trustee approved for the Company's creditors, and provides share security for its equity commitments to the Company and guarantees liabilities to the security trustee.

- Each CCC Shareholder complies with lender policy financial covenants, foundation policy financial covenants or other financial covenants required by the Board (if any).

- The CCC complies with any covenants required by the Board, and

- If required by the Board, the CCC will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

Where the Company agrees to provide funding to the CCC, it must within 90 days of receiving annual financial covenant reporting from a CCC (Shareholder (in its capacity as a borrower) report to the Shareholders' Council, holders of ordinary shares in the Company and any Local Authority guarantors of the Company's liabilities as to whether that CCC Shareholder has complied with its financial covenants on an individual and consolidated group basis.

Notwithstanding the definition of "CCC" set out above, the Board may not approve a CCC to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of
Cash and Liquid Investment Policy

The Company will only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within the counterparty limits outlined in the following table.

New Zealand Local Authority and CCC securities are excluded from the Company's cash and liquidity portfolio.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>S &amp; P Credit Rating or equivalent (Short-term / long-term)</th>
<th>Maximum % Limit (Total Cash + Liquid Assets)</th>
<th>Minimum % Limit (Total Cash + Liquid Assets)</th>
<th>Maximum New Zealand Dollar counterparty limit (millions)</th>
<th>Maximum term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1: NZ Government or RBNZ</td>
<td>A+/AAA</td>
<td>100%</td>
<td>20%</td>
<td>Unlimited</td>
<td>4</td>
</tr>
<tr>
<td>Category 2</td>
<td>A+/A</td>
<td>80%</td>
<td>60%</td>
<td>$10</td>
<td>3</td>
</tr>
<tr>
<td>Category 3</td>
<td>A+/A</td>
<td>80%</td>
<td>60%</td>
<td>N/A</td>
<td>3</td>
</tr>
<tr>
<td>Category 4</td>
<td>A+-/A-/A--</td>
<td>200%</td>
<td>200%</td>
<td>N/A</td>
<td>3</td>
</tr>
<tr>
<td>Category 5</td>
<td>A+/A-</td>
<td>10%</td>
<td>N/A</td>
<td>50</td>
<td>1</td>
</tr>
</tbody>
</table>

The maximum individual counterparty limit (excluding the NZ Government) cannot be greater than 100% of Accessible Capital. Accessible Capital is defined as issued and paid capital plus retained earnings plus issued end unpaid capital plus outstanding borrower notes.

Derivative Policy

The Company will only enter into derivative transactions, unless explicitly approved otherwise by the Board, all derivative transactions must be transacted with the New Zealand Debt Management Office as counterparty or such other counterparty approved by the Board from time to time.

1 Category 2, 3, 4, and 5 counterparties do not include the RBNZ or the NZ Government.
2 Short term ratings apply for all counterparties with a maturity date of 365 days or less.
3 If the counterparty credit rating is downgraded below the above bond or cdi's has 30 days to sell the security.
4 Maximum term applies from the date of settlement.
5 At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.
Market Risk

The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is $401,000,000.\(^6\)

The Company's total portfolio Value at Risk (VaR) daily limit is $261,000,000.\(^7\)

Foreign exchange risk policy

This Company will take no foreign exchange risk.

Operational Risk

Unless explicitly approved otherwise by the Board, the Company will outsource the following functions to New Zealand Debt Management as follows:

• Hedging - New Zealand Debt Management is the LGFA interest rate swap counterparty.

Dividend policy

The policy is to pay a dividend that provides an annual rate of return to Shareholders equal to the Company's cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the first period to 30 June 2012, and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2013 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend return is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

\(^6\) PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example a PDH of $401,000,000 means that the portfolio value will fall by $4,000,000 for a one basis point fall in interest rates. The PDH limit will be set at 0.25% of the 12-month forecast portfolio amount until the forecast reaches $1 billion, following which the PDH limit will increase.

\(^7\) VaR measures expected loss for a given period with a given confidence. For example, 95% confidence, daily VaR of $261,000,000 means that it is expected that the portfolio will lose $261,000,000 on 5% of days, i.e. 1 day in 20 the portfolio value will decrease by $261,000,000.
<table>
<thead>
<tr>
<th>SHAREHOLDER</th>
<th>NO. OF PAID UP ORDINARY SHARES</th>
<th>NO. OF UNPAID ORDINARY SHARES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Bay of Plenty Regional Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Christchurch City Council</td>
<td>1,699,990</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Hamilton City Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Hastings District Council</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td>Masterton District Council</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>New Plymouth District Council</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Otorohanga District Council</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Selwyn District Council</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>South Taranaki District Council</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Tasman District Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Taupo District Council</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Tauranga City Council</td>
<td>2,600,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Wakefield District Council</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Wellington City Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Wellington Regional Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Western Bay of Plenty District Council</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Whanganui District Council</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>New Zealand Government</td>
<td>6,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>24,999,999</td>
<td>20,000,000</td>
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</tbody>
</table>
# SCHEDULE 3
Reimbursement
(Clauses 7.2)

<table>
<thead>
<tr>
<th>LOCAL AUTHORITY</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Council</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>Christchurch City Council</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Hamilton City Council</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Tasman District Council</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Tauranga City Council</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Wellington City Council</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Wellington Regional Council</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Western Bay of Plenty District Council</td>
<td>$150,000.00</td>
</tr>
<tr>
<td>Whanganui District Council</td>
<td>$200,000.00</td>
</tr>
</tbody>
</table>
SCHEDULE 4
Form of Accession Deed
(Clause 10.11)

DEED dated [ ]

PARTIES
[ ] ("Remaining Shareholder(s)"
[ ] ("Transferor"
[ ] ("Transferee"

INTRODUCTION
A. The Remaining Shareholder(s) and the Transferor are the parties to a shareholders' agreement dated [ ] 2011 ("Agreement") relating to New Zealand Local Government Funding Agency Limited (the "Company").
B. The Transferor wishes to transfer to the Transferee [Number] shares in the Company.
C. Under the Agreement the parties are required to execute this deed.

OPERATIVE PROVISIONS
1. With effect from the [date of this deed]:
   (a) The Transferee becomes a party to the Agreement as if it had been named as a party to the Agreement and had executed it.
   (b) The Transferor ceases to be a Shareholder. [Include only if applicable]
2. The Transferor is not released from any liability to the Remaining Shareholders existing as at [the date of this deed]. [Include only if applicable]
3. New Zealand law governs. New Zealand courts have non-exclusive jurisdiction.

SIGNED AS A DEED
SCHEDULE 5
Events of Default
(Clauses 13.1)

An Event of Default occurs in respect of a Shareholder if:

(a) without limiting paragraphs (b), (c) and (e), that Shareholder commits any breach of or fails to observe any of the obligations under this agreement or the Constitution or the Guarantor's Equity Commitment of that Shareholder and (if that breach or failure is capable of remedy) does not remedy that breach or failure within 10 Business Days of notice from any other Shareholder or the Company specifying the breach or failure and requiring remedy or (if that breach or failure is not capable of remedy) that breach or failure is material in the context of the obligations of that Shareholder under this agreement, the Constitution or the Guarantor's Equity Commitment (as the case may be);

(b) that a Shareholder fails to pay any calls on any Ordinary Shares within the prescribed time frame following a call being made by the Board;

(c) that Shareholder fails to subscribe for any Redeemable Shares in accordance with the Guarantor's Equity Commitment of that Shareholder;

(d) an “Event of Default”, as defined in the Multi-Issuer Deed, or a default under clause 7.8 or clause 7.7 of the Multi-Issuer Deed, occurs with respect to that Shareholder; or

(e) an Event of Default occurs under clause 9.2 with respect to that Shareholder; or

if: an "Event of Default" as defined in any other arrangements for the Shareholder to be provided debt funding by the Company.
### SCHEDULE 6
Addresses for Notices
(Clause 15.2)

<table>
<thead>
<tr>
<th>PARTY</th>
<th>ADDRESS FOR NOTICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company</td>
<td>Address: Russell McVeagh, Vero Centre, 48 Shortland Street PO Box 8, Auckland 1140</td>
</tr>
<tr>
<td></td>
<td>Fax: 09 367 8103</td>
</tr>
<tr>
<td></td>
<td>Attention: Grant Kerrible</td>
</tr>
<tr>
<td>Auckland Council</td>
<td>Delivery Address: 1 Greys Avenue Auckland Central</td>
</tr>
<tr>
<td></td>
<td>Postal Address: Private Bag 92300 Auckland 142</td>
</tr>
<tr>
<td></td>
<td>Fax: (09) 368 6564</td>
</tr>
<tr>
<td></td>
<td>Attention: Mark Butcher</td>
</tr>
<tr>
<td>Bay Of Plenty Regional Council</td>
<td>Delivery Address: 5 Quay Street Whakatāne</td>
</tr>
<tr>
<td></td>
<td>Postal Address: P O Box 254 Whakatāne 3158</td>
</tr>
<tr>
<td></td>
<td>Fax: 0800 884 882</td>
</tr>
<tr>
<td></td>
<td>Attention: Brian Trott</td>
</tr>
<tr>
<td>Christchurch City Council</td>
<td>Delivery Address: Civic Offices 53 Hareford Street Christchurch</td>
</tr>
<tr>
<td></td>
<td>Postal Address: P O Box 73016 Christchurch 8154</td>
</tr>
<tr>
<td></td>
<td>Fax: 03 941 8511</td>
</tr>
<tr>
<td></td>
<td>Attention: Paul Anderson</td>
</tr>
<tr>
<td>Hamilton City Council</td>
<td>Delivery Address: Council Building Garden Place Hamilton</td>
</tr>
<tr>
<td>PARTY</td>
<td>ADDRESS FOR NOTICES</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>Hastings District Council</td>
<td>Delivery Address: 707 Lyndcon Road East Hastings 4122</td>
</tr>
<tr>
<td></td>
<td>Postal Address: Private Bag 8002 Hastings 4122</td>
</tr>
<tr>
<td></td>
<td>Fax: 06 871 5101</td>
</tr>
<tr>
<td></td>
<td>Attention: Tony Grey</td>
</tr>
<tr>
<td>Masterton District Council</td>
<td>Delivery Address: 64 Chapel Street Masterton 5840</td>
</tr>
<tr>
<td></td>
<td>Postal Address: PO Box 444 Masterton 5840</td>
</tr>
<tr>
<td></td>
<td>Fax: 06 378 8400</td>
</tr>
<tr>
<td></td>
<td>Attention: David Paris</td>
</tr>
<tr>
<td>New Plymouth District Council</td>
<td>Delivery Address: Lienlet St New Plymouth</td>
</tr>
<tr>
<td></td>
<td>Postal Address: Private Bag 2025 New Plymouth 4342</td>
</tr>
<tr>
<td></td>
<td>Fax: 06 759 9072</td>
</tr>
<tr>
<td></td>
<td>Attention: Philip Armstrong</td>
</tr>
<tr>
<td>Otokahanga District Council</td>
<td>Delivery Address: 17 Maniapoto Street Otokahanga 3640</td>
</tr>
<tr>
<td></td>
<td>Postal Address: PO Box 11 Otokahanga 3640</td>
</tr>
<tr>
<td></td>
<td>Fax: 07 873 4303</td>
</tr>
<tr>
<td></td>
<td>Attention: Graham Runn</td>
</tr>
<tr>
<td>PARTY</td>
<td>ADDRESS FOR NOTICES</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Selwyn District Council</td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>2 Norman Kirk, Delvo</td>
</tr>
<tr>
<td></td>
<td>Rolleston</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>P O Box 90</td>
</tr>
<tr>
<td></td>
<td>Rolleston 7643</td>
</tr>
<tr>
<td></td>
<td>Fax: 03 347 2798</td>
</tr>
<tr>
<td></td>
<td>Attention: Douglas Marshall</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>South Tasman District Council</td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>105-111 Alison Street</td>
</tr>
<tr>
<td></td>
<td>Hawera 4610</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>Private Bag 902</td>
</tr>
<tr>
<td></td>
<td>Hawera 4610</td>
</tr>
<tr>
<td></td>
<td>Fax: 06 270 6757</td>
</tr>
<tr>
<td></td>
<td>Attention: Vipul Mehta</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tasman District Council</td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>180 Queen Street,</td>
</tr>
<tr>
<td></td>
<td>Richmond, Nelson 7050</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>Private Bag 4</td>
</tr>
<tr>
<td></td>
<td>Richmond, Nelson 7050</td>
</tr>
<tr>
<td></td>
<td>Fax: 03 543 9524</td>
</tr>
<tr>
<td></td>
<td>Attention: Murray Stuble</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Taupo District Council</td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>72 Lake Terrace,</td>
</tr>
<tr>
<td></td>
<td>Taupo 3330</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>Private Bag 2005</td>
</tr>
<tr>
<td></td>
<td>Taupo 3352</td>
</tr>
<tr>
<td></td>
<td>Fax: 07 377 2985</td>
</tr>
<tr>
<td></td>
<td>Attention: Rob Williams</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Tauranga City Council</td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>51 Willow Street</td>
</tr>
<tr>
<td></td>
<td>Tauranga 3143</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>Private Bag 12022</td>
</tr>
<tr>
<td></td>
<td>Tauranga 3143</td>
</tr>
<tr>
<td></td>
<td>Fax: 07 577 7356</td>
</tr>
<tr>
<td>PARTY</td>
<td>ADDRESS FOR NOTICES</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Waipa District Council</td>
<td>Attention: Mohan De Mel</td>
</tr>
<tr>
<td></td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>101 Bank Street</td>
</tr>
<tr>
<td></td>
<td>Te Awamutu</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>Private Bag 2492</td>
</tr>
<tr>
<td></td>
<td>Te Awamutu 3800</td>
</tr>
<tr>
<td></td>
<td>Fax: 07 872 0033</td>
</tr>
<tr>
<td></td>
<td>Attention: Ken Morito</td>
</tr>
<tr>
<td>Wellington City Council</td>
<td>Attention: Darrin McGonigl</td>
</tr>
<tr>
<td></td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>161 Wakefield Street</td>
</tr>
<tr>
<td></td>
<td>Wellington</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>P O Box 2199</td>
</tr>
<tr>
<td></td>
<td>Wellington 6140</td>
</tr>
<tr>
<td></td>
<td>Fax: 04 401 3090</td>
</tr>
<tr>
<td>Wellington Regional Council</td>
<td>Attention: Mike Timmer</td>
</tr>
<tr>
<td></td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>142 Wakefield Street</td>
</tr>
<tr>
<td></td>
<td>Wellington</td>
</tr>
<tr>
<td></td>
<td>Postal Address:</td>
</tr>
<tr>
<td></td>
<td>P O Box 11640</td>
</tr>
<tr>
<td></td>
<td>Manners Street</td>
</tr>
<tr>
<td></td>
<td>Wellington 6142</td>
</tr>
<tr>
<td></td>
<td>Fax: 04 265 3973</td>
</tr>
<tr>
<td>Western Bay Of Plenty District Council</td>
<td>Attention: Matthew Petton</td>
</tr>
<tr>
<td></td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>Barkes Corner</td>
</tr>
<tr>
<td></td>
<td>Giwaoton</td>
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<td></td>
<td>Tauranga</td>
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<td></td>
<td>Postal Address:</td>
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<tr>
<td></td>
<td>Private Bag 12803</td>
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<tr>
<td></td>
<td>Tauranga 3143</td>
</tr>
<tr>
<td></td>
<td>Fax: 07 577 9280</td>
</tr>
<tr>
<td>Whangarei District Council</td>
<td>Attention: Mike Timmer</td>
</tr>
<tr>
<td></td>
<td>Delivery Address:</td>
</tr>
<tr>
<td></td>
<td>Forum North</td>
</tr>
<tr>
<td></td>
<td>Rust Avenue</td>
</tr>
<tr>
<td>PARTY</td>
<td>ADDRESS FOR NOTICES</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Whanganui</td>
<td>Postal Address: Private Bag 9023, Whanganui 0140</td>
</tr>
<tr>
<td></td>
<td>Fax: 06 436 7932</td>
</tr>
<tr>
<td></td>
<td>Attention: Alan Adcock</td>
</tr>
<tr>
<td>New Zealand Government</td>
<td>Delivery Address: Minister of Finance</td>
</tr>
<tr>
<td></td>
<td>Parliament Buildings, Wellington</td>
</tr>
<tr>
<td></td>
<td>And to:</td>
</tr>
<tr>
<td></td>
<td>Minister of Local Government</td>
</tr>
<tr>
<td></td>
<td>Parliament Buildings, Wellington</td>
</tr>
<tr>
<td></td>
<td>With a copy to:</td>
</tr>
<tr>
<td></td>
<td>William More, The Treasury, No 1 The Terrace, Wellington 6011</td>
</tr>
<tr>
<td></td>
<td>Postal Address</td>
</tr>
<tr>
<td></td>
<td>The Treasury, No 1 The Terrace, Wellington 6011</td>
</tr>
<tr>
<td></td>
<td>Attention: William More</td>
</tr>
<tr>
<td></td>
<td>Fax: 04 472 3792</td>
</tr>
</tbody>
</table>
Foundation Policies
(Clause 5.1 of the Shareholders' Agreement)

All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of Shareholders. Any alteration requires approval pursuant to clause 5.1.

Credit Risk

Lending Policy

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company and/or enter into facility arrangements with the Company.
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
  - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
    - Lending policy covenants outlined in the following table with the approval of the Board;
    - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Local Authorities with a long-term credit rating of 'A' equivalent or higher will not be required to comply with the lending policy covenants in the following table, and can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.

If the principal amount of a Local Authority's borrowings, or the Company's commitment under a facility agreement with a Local Authority, is at any time greater than NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

<table>
<thead>
<tr>
<th>Financial covenant</th>
<th>Lending policy covenants</th>
<th>Foundation policy covenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / Total Revenue</td>
<td>&lt;175%</td>
<td>&lt;250%</td>
</tr>
<tr>
<td>Net Interest / Total Revenue</td>
<td>&lt;20%</td>
<td>&lt;20%</td>
</tr>
<tr>
<td>Net Interest / Annual Rates Income</td>
<td>&lt;25%</td>
<td>&lt;30%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>&gt;110%</td>
<td>&gt;110%</td>
</tr>
</tbody>
</table>
Total Revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets). Net debt is defined as total debt less liquid financial assets and investments. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt. Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period. Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Financial covenants are measured on Council only basis and not consolidated group basis, unless requested by a Local Authority and approved by the Board.

During the initial three years of operation the Auckland Council will be limited to a maximum of 80% of the Company's total Local Authority (including CCOs (as defined below)) assets. After three years Auckland Council will be limited to a maximum of 40% of the Company's total Local Authority (including CCO) assets.

No more than the greater of NZD 100 million or 33% of a Local Authority's or CCO's (as defined below) borrowings from the Company will mature in any 12 month period.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCO (as defined below) (which may be a Council-Controlled Trading Organisation), an approved CCO may borrow from the Company provided that:

- The CCO is a "council-controlled organisation" as defined in section 6 of the Local Government Act 2002, where the CCO is a company in which equity securities carrying at least 51% or more of the voting rights at a meeting of the shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities (respectively, a "CCO" and each such Local Authority being a "CCO Shareholder");

- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient uncalled capital in respect of the CCO to meet the financial obligations of the CCO;

- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company's creditors, and provides debenture security for its equity commitments to the Company and guarantee liabilities to the security trustee;

- Each CCO Shareholder complies with Lending policy financial covenants, Foundation policy financial covenants or other financial covenants required by the Board (if any);

- The CCO complies with any covenants required by the Board; and

- If required by the Board, the CCO will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

Where the Company agrees to provide funding to the CCO, it must within 90 days of receiving annual financial covenant reporting from a CCO Shareholder (in its capacity as a borrower) report to the Shareholders' Council, holders of ordinary shares in the Company and any Local Authority guarantors of the Company's liabilities as to whether that CCO Shareholder has complied with its financial covenants on an individual and consolidated group basis.

Notwithstanding the definition of "CCO" set out above, the Board may not approve a CCO to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities and the Crown (if applicable).
Cash and Liquid Investment Policy

The Company will only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within the counterparty limits outlined in the following table.

New Zealand Local Authority and GGO securities are excluded from the Company’s cash and liquidity portfolio.

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>S &amp; P Credit Rating or equivalent (Short-term / long-term)</th>
<th>Maximum % Limit (Total Cash + Liquid Assets)</th>
<th>Minimum % Limit (Total Cash + Liquid Assets)</th>
<th>Maximum NZ Dollar counterparty Limit (millions)</th>
<th>Maximum term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1: NZ Government or RBNZ(^6)</td>
<td>N/A</td>
<td>100%</td>
<td>20%</td>
<td>Unlimited</td>
<td>No longer than the longest dated LGFA maturity on issue</td>
</tr>
<tr>
<td>Category 2</td>
<td>A1+/AAA</td>
<td>80%</td>
<td>N/A</td>
<td>300</td>
<td>3</td>
</tr>
<tr>
<td>Category 3</td>
<td>A1+: A1 / AA+</td>
<td>80%</td>
<td>N/A</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>A1+: A1 / AA</td>
<td>80%</td>
<td>N/A</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>A1+: A1 / AA-</td>
<td>80%</td>
<td>N/A</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td>Category 4</td>
<td>A1+: A+ , NZ Registered Bank</td>
<td>80%</td>
<td>N/A</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td>Category 5</td>
<td>A1+: A+ , Other Issuers</td>
<td>10%</td>
<td>N/A</td>
<td>50</td>
<td>1</td>
</tr>
</tbody>
</table>

The maximum individual counterparty limit (excluding the NZ Government) cannot be greater than 100% of Accessible Capital. Accessible Capital is defined as issued and paid capital plus retained earnings plus issued and unpaid capital plus outstanding borrower notes.

Derivative Policy

Unless explicitly approved otherwise by the Board, all derivative transactions must be transacted with New Zealand Debt Management as counterparty.

Market Risk

The Company’s total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is $100,000\(^6\).

The Company’s total portfolio Value at Risk (VaR) daily limit is $1,000,000\(^7\).

Foreign exchange risk policy

\(^1\) Category 2, 3, 4 and 5 counterparties do not include the RBNZ or the NZ Government.
\(^2\) Short term rating applies for all securities with a maturity date of 365 days or less.
\(^3\) If the counterparty credit rating is downgraded below the allowed limit, LGFA has 30 days to sell the security.
\(^4\) Maximum term applies from the date of settlement.
\(^5\) At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.
\(^6\) PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example a PDH of $100,000 means that the portfolio value will fall by $100,000 for a one basis point fall in interest rates.
\(^7\) VaR measures expected loss for a given period with a given confidence. For example, 95% confidence, daily VaR of $1,000,000 means that it is expected that the portfolio will lose $1,000,000 on 5% of days, i.e. 1 day in 20 the portfolio value will decrease by $1,000,000.
The Company will take no foreign exchange risk.

Operational Risk

Unless explicitly approved otherwise by the Board, the Company will outsource the following functions to New Zealand Debt Management as follows:

- Hedging – New Zealand Debt Management is the LGFA interest rate swap counterparty.

Dividend policy

The policy is to pay a dividend that provides an annual rate of return to Shareholders equal to the Company’s cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the part period to 30 June 2012, and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2014 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

At all times payment of any dividend will be discretionary and subject to the Board’s legal obligations and views on appropriate capital structure.
Foundation Policies

(Clause 5.1 of the Shareholders Agreement)

All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of Shareholders. Any alteration requires approval pursuant to clause 5.1.

Credit Risk

Leading Policy

All Local Authorities that borrow from the Company will:

- Provide due diligence in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company (ie. not andor enter into facility arrangements with the Company).
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
  - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the
    - Lending policy covenants outlined in the following table with the approval of the Board;
    - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Local Authorities with a long-term credit rating of 'A' equivalent or higher will not be required to comply with the lending policy covenants in the following table, and can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
  - Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.

- If the principal amount of a Local Authority's borrowings, or the Company's commitment under a facility agreement with a Local Authority, is at any time equal to or greater than, NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

<table>
<thead>
<tr>
<th>Financial covenant</th>
<th>Lending policy covenant</th>
<th>Foundation policy covenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt / Total Revenue</td>
<td>&lt;175%</td>
<td>&lt;35%</td>
</tr>
<tr>
<td>Net Interest / Total Revenue</td>
<td>&lt;25%</td>
<td>&lt;20%</td>
</tr>
<tr>
<td>Net Interest / Annual Revenues Income</td>
<td>&lt;25%</td>
<td>&lt;50%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>&gt;110%</td>
<td>&gt;110%</td>
</tr>
</tbody>
</table>
Financial covenants are measured on Council only basis and not consolidated group basis, unless requested by a Local Authority and approved by the Board.

During the initial three years of operation the Auckland Council will be limited to a maximum of 50% of the Company’s total Local Authority (including Council-Controlled Organisation (CCO)/CCOs (as defined below)) assets. After three years Auckland Council will be limited to a maximum of 45% of the Company’s total Local Authority (including CCO) assets.

No more than the greater of NZ$ 100 million or 33% of a Local Authority’s or CCO’s (as defined below) borrowings from the Company will mature in any 12 month period.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCO (as defined below) (which may be a Council-Controlled Trading Organisation (CCTO)), an approved CCO may borrow from the Company provided that:

- The CCO is a “Council-controlled organisation” as defined in section 6 of the Local Government Act 2002, where the CCO is a company in which equity securities exercisable at least 51% of the voting rights at a meeting of the shareholders of the CCO are held or controlled, directly or indirectly, by one or more Local Authorities (respectively, “CCO” and each such Local Authority being a “CCO Shareholder”);
- Each Local Authority that holds voting rights or rights of appointment in the CCO is a “CCO Shareholder”;
- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient unencumbered capital within in respect of the CCO to meet the financial obligations of the CCO;
- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company’s creditors, and provides debenture security for its equity commitments to the Company and guarantees liabilities to the security trustee;
- Each CCO Shareholder complies with Lending policy financial covenants or, Foundation policy financial covenants or other financial covenants required by the Board (if any);
- The CCO complies with any covenants required by the Board; and
- Where the Company agrees to provide funding to the CCO, it must within 90 days of receiving annual financial covenant reporting from a CCO Shareholder in its capacity as a borrower report to the Shareholders’ Council, holders of ordinary shares in the Company and any Local Authority guarantors of the Company’s liabilities as to whether the CCO Shareholder has complied with its financial covenants on an individual and consolidated group basis.
Notwithstanding the definition of ‘COC’ set out above, the Board may not approve a COC to borrow from the Company unless 100% of the equity securities carrying voting rights at a meeting of shareholders of the COC are held or controlled, directly or indirectly, by one or more Local Authorities and the Crown (if applicable).

Cash and Liquid Investment Policy

The Company will only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within the counterparty limits outlined in the following table.

New Zealand Local Authority and COC securities are excluded from the Company’s cash and liquidity portfolio.

<table>
<thead>
<tr>
<th>Category</th>
<th>S&amp;P Credit Rating or equivalent (Short-term / long-term)</th>
<th>Maximum % Limit (Total Cash + Liquid Assets)</th>
<th>Minimum % Limit (Total Cash + Liquid Assets)</th>
<th>Maximum New Zealand Dollar counterparty limit (millions)</th>
<th>Maximum term (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1: NZ Government or RBNZ ⁴</td>
<td>N/A</td>
<td>100%</td>
<td>0%</td>
<td>Unlimited</td>
<td>No longer than the longest dated LGFA maturity on issue</td>
</tr>
<tr>
<td>Category 2</td>
<td>A1+/AAA</td>
<td>80%</td>
<td>N/A</td>
<td>2000</td>
<td>3</td>
</tr>
<tr>
<td>Category 3</td>
<td>A1+/A1/AA+, A1+/A1+/AA</td>
<td>80%</td>
<td>N/A</td>
<td>400</td>
<td>3</td>
</tr>
<tr>
<td>Category 4</td>
<td>A1+/A1+/AA+, NZ Registered Bank</td>
<td>60%</td>
<td>N/A</td>
<td>200</td>
<td>3</td>
</tr>
<tr>
<td>Category 5</td>
<td>NZ Registered Bank A1+/A1+</td>
<td>10%</td>
<td>N/A</td>
<td>4450</td>
<td>1</td>
</tr>
<tr>
<td>Other Issuers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The maximum individual counterparty limit (excluding the NZ Government) cannot be greater than 100% of Accessible Capital. Accessible Capital is defined as issued and paid capital plus retained earnings plus issued and unpaid capital plus outstanding borrower notes.

Derivative Policy

Unless explicitly approved otherwise by the Board, all transactions must be transacted with the New Zealand Debt Management Office as counterparty.

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⁴ Category 2, 3, and 4 counterparties do not include the RBNZ or the NZ Government.
⁵ Short-term rating applies for all securities with a maturity of 360 days or less.
⁶ If the counterparty credit rating is downgraded below the allowed limit, LGFA has 30 days to sell the security.
⁷ Maximum term applies from the date of settlement.
⁸ At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.
Market Risk

The Company’s total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is $44,100,000.

The Company’s total portfolio Value at Risk (VaR) daily limit is $1,400,000.

Foreign exchange risk policy

The Company will take no foreign exchange risk.

Operational Risk

Unless explicitly approved otherwise by the Board, the Company will outsource the following functions to the New Zealand Debt Management Office as follows:

- Hedging – New Zealand Debt Management Office is the LGFA interest rate swap counterparty.

Dividend policy

The policy is to pay a dividend that provides an annual rate of return to Shareholders equal to the Company’s cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the first period to 30 June 2012, and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2014 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend return is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

At all times payment of any dividend will be discretionary and subject to the Board’s legal obligations and views on appropriate capital structure.

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6 PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For example a PDH of $44,100,000 means that the portfolio value will fall by $44,100,000 for a one basis point fall in interest rates. The PDH limit will be re-evaluated every 12 months.

7 VaR measures expected loss for a given period with a given confidence. For example, 99% confidence, daily VaR of $200,000,000 means that it is expected that the portfolio will lose $200,000,000 on 5% of days. (i.e. 1 day) in 20 the portfolio value will decrease by $200,000,000.
Introduction

Board Dynamics has been engaged by the Shareholder Council to provide a report on the current director remuneration at Local Government Funding Agency (LGFA) and make recommended changes (if any) in the current fees based on current market data since our last review in 2017.

In benchmarking the LGFA board remuneration we have used the financial services industry as the sector of reference (excluded State-Owned Enterprises (SOEs), the largest trading banks in NZ and overseas banks involved in unrelated activities). This is because LGFA is operating in a specialized technical financial services space aligned with the practices and disciplines of the financial services industry, despite operating as an agency for Local Government funding.

LGFA board remuneration has been benchmarked against similar sized organisations in New Zealand, based on assets under management and shareholder funds. We have referenced the current remuneration of Chairs and Directors on boards of organisations ranging from a small bank, private equity firm and asset management firms.

As of 30 June 2019, the average board remuneration in the financial services industry in New Zealand for a Chair is (range) $90,000-$185,000 and for a Director is (range) $70,000-$110,000. The range depends on breakdown – assets, revenue or industry. Average Fee increases were 2.4% across all industries surveyed and for financial services the average was 3.0%.

The current LGFA board comprises of 1 Independent Chair, 1 Director and 4 Independent Directors. The remuneration fees per annum are set as follows:

<table>
<thead>
<tr>
<th>Role</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Chair</td>
<td>$97K</td>
</tr>
<tr>
<td>Director with Audit and Risk Chair role</td>
<td>$60K</td>
</tr>
<tr>
<td>Director</td>
<td>$55K</td>
</tr>
</tbody>
</table>

We have taken into consideration the complexity of the industry, size of portfolio and technical skills required of each director or Chair. Note: we have excluded director fees of the largest trading banks in New Zealand to prevent skewing the results.
Recommendations

Our recommendation is based on several factors including the Financial Industry, Assets under Management and Shareholder Funds of the market data referenced in this report for both Chair and Director fees.

LGFA is an organisation where the board operates in an industry most similar to Financial Services, with Assets Under Management of $10.4 Billion (as of June 30, 2019). Note: up from $7.76 Billion (as of March 31, 2017).

LGFA has a market share of 90.0% of total council borrowing for the rolling twelve-month period to June 2019. This is a sizeable increase since our last full review in 2017.

To summarise relevant Chair and Director fee reference data that is highlighted in the tables:

1. **Average relevant Chair Fees and Workload 2019**

<table>
<thead>
<tr>
<th></th>
<th>Annual Average Fee</th>
<th>Annual Average Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry – Financial Services</td>
<td>$95,564</td>
<td>228</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>$185,572</td>
<td>380</td>
</tr>
<tr>
<td>&gt;1000M</td>
<td>$96,120*</td>
<td></td>
</tr>
<tr>
<td>Shareholder Funds 50M-100M</td>
<td>$96,120*</td>
<td></td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>$126,419</strong></td>
<td><strong>304 Hrs</strong></td>
</tr>
</tbody>
</table>

*Upper Quartile value used as representative in the case of LGFA

2. **Average relevant Director Fees and Workload 2019**

<table>
<thead>
<tr>
<th></th>
<th>Annual Average Fee</th>
<th>Annual Average Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry – Financial Services</td>
<td>$79,761*</td>
<td>147</td>
</tr>
<tr>
<td>Assets Under Management</td>
<td>$110,433</td>
<td>243</td>
</tr>
<tr>
<td>&gt;1000M</td>
<td>$70,000</td>
<td></td>
</tr>
<tr>
<td>Shareholder Funds 50M-100M</td>
<td>$70,000</td>
<td></td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>$86,731</strong></td>
<td><strong>195 Hrs</strong></td>
</tr>
</tbody>
</table>

*Upper Quartile value used as representative in the case of LGFA
Recommended LGFA Chair and Director Fee Increase:

Accordingly, we suggest the current Chair and Director fees at LGFA are at industry average if we understand the workload to be in the range suggested of 29 hours per month for the Chair and 19 hours per month for a Director.

The current pool of future directors as part of succession planning is limited in New Zealand with the level of experience required as a LGFA director. The greater risk that directors take in a regulated environment also has an impact on market rates for the financial services industry.

We would initially recommend the following small fee increases:

- Annual Director fees at LGFA be increased from the current of $55,000 - $60,000 into a range between $60,000 and $65,000.
- Annual Chair fees at LGFA be increased from the current $97,000 into a range between $100,000 and $105,000.

These fee increases are the represented average fee increases for Industry, Assets Under Management and Shareholder Funds.

This small fee increase recognises the increasing financial services sector knowledge requirements for an LGFA director role, and the workload expectations on directors. In addition, the size of the organisation in respect to market share over 90% and the increased risks to manage as a result. Greater workload and increased demand of directors’ time and knowledge/experience.

Factors to be aware of when interpreting and applying market data

We recommend that this information is considered in the context of the following factors which outline the key determinants of director remuneration decisions:

1. Technical skillset
   The skill set required is limited based on current director pool available without conflict and availability in New Zealand. We estimate this number to range from 30 to 40 individuals. LGFA may decide to pay a premium in order to attract or retain directors.

2. Risks
   Directors take on considerable financial and reputational risks as a director within a number of sectors including financial services.

3. Performance of the organisation
   The director’s performance and value has also been taken into consideration where LGFA has performed consistently well since inception. Assets under management are now at $10.4 Billion. The organisation is also planning to offer additional products and services in the near future and the directors will have wider governance activities as a result.
<table>
<thead>
<tr>
<th>LGFA Board Role</th>
<th>Current Fee</th>
<th>Recommended Fee</th>
<th>Corresponding Workload</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Chair</td>
<td>$97K</td>
<td>$102K</td>
<td>28 hrs per month</td>
</tr>
<tr>
<td>Director with Audit and Risk Chair role</td>
<td>$60K</td>
<td>$63K</td>
<td>16.5 hrs per month</td>
</tr>
<tr>
<td>Director</td>
<td>$55K</td>
<td>$57K</td>
<td>14 hrs per month</td>
</tr>
<tr>
<td>Director with Audit &amp; Risk committee membership only (not Chair)</td>
<td>$0K</td>
<td>$2K to $3K</td>
<td>2 hrs per month</td>
</tr>
</tbody>
</table>

While this recommendation may not precisely reflect the standard market 2:0:1X ratio between Chair and Director fees, we believe it is more important to follow actual market practice than simply to apply a ratio.

Consistent with the past, the Board chooses to pay a separate committee fee for Audit & Risk Chair only. We would recommend that the shareholder council consider an additional fee for members of this committee. This is standard practice and recognises additional workload. Recommended range: $2K to $3K per annum.
In our view, the recommended ranges represent appropriate and competitive levels for a successful, large in respects to market share/funds for a New Zealand financial services company.

These fee increases may represent, depending on final decisions, the annual governance pool rising from $377K (approximate) to $393K. This is a rise of $16K per annum for the board total REM. Slightly higher if A&R director committees fee approved.

Finally, this document represents the objective recommendation of Board Dynamics regarding board fees at LGFA. However, any board fee discussion involves a variety of factors of which the information in this document is just one. We suggest using this information as a starting point in a review that should serve to further develop the relationship between the LGFA Board and the Shareholder Council.
Role of the Board

The board is responsible for the overall governance, management and strategic direction of the organisation and for delivering accountable corporate performance in accordance with the organisation's goals and objectives. This responsibility is usually set out in the organisation's constitution or in the enabling legislation under which the organisation is registered or incorporated.

In performing its role, specific responsibilities commonly reserved to the board either in its constitution, its board or governance charter or by cultural practice include:

- Providing strategic direction to the organisation and deciding upon the organisation's strategies and objectives in conjunction with the CEO;
- Monitoring the strategic direction of the organisation and the attainment of its strategies and objectives in conjunction with the executive;
- Monitoring the operational and financial position and performance of the organisation generally;
- Driving organisational performance so as to deliver member value or benefit;
- Assuring a prudential and ethical base to the organisation's conduct and activities having regard to the relevant interests of its stakeholders;
- Assuring the principal risks faced by the organisation are identified and overseeing that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Reviewing and approving the organisation's internal compliance and control systems and codes of conduct;
- Assuring that the organisation's financial and other reporting mechanisms are designed to result in adequate, accurate and timely information being provided to the board;
- Appointing and, where appropriate, removing the CEO, monitoring other key executive appointments, and planning for executive succession;
- Overseeing and evaluating the performance of the CEO, and through the CEO, receiving reports on the performance of other senior executives in the context of the organisation's strategies and objectives and their attainment;
- Reviewing and approving the CEO's and, in conjunction with the CEO, other senior executive remuneration;
- Approving the organisation’s budgets and business plans and monitoring major capital expenditures, acquisitions and divestitures, and capital management generally;

- Ensuring that the organisation’s financial results are appropriately and accurately reported on in a timely manner in accordance with constitutional and regulatory requirements;

- Ensuring that the organisation’s affairs are conducted with transparency and accountability;

- Overseeing the design, implementation and periodic review of appropriate and effective policies, processes and codes for the organisation, which depending on the organisation, may include with respect to ethics, values, conduct, securities trading, disclosure of securities’ price sensitive information, employment, remuneration, diversity and otherwise;

- Ensuring sound board succession planning including strategies to assure the Board is comprised of individuals who are able to meet the responsibilities of directors of the organisation;

- Overseeing member and stakeholder engagement, reporting and information flows.

In practice, the role of the board including governing, directing and monitoring an organisation’s business, affairs and operations in two broad areas.

**Overall organisational performance:**

Ensuring the organisation develops and implements strategies and supporting policies to enable it to fulfil the objectives set out in the organisation’s constitution. Commonly the board delegates the day to day operations of the organisation to the management team via the CEO but remains accountable to the members and shareholders for the organisation’s performance. The board monitors and supports management in an on-going way.

**Overall compliance:**

Ensuring the organisation develops and implements systems, processes and procedures to enable it to comply with its legal, regulatory and industry obligations (complying with the law and adhering to accounting and other industry standards) and ensure the organisation’s assets and operations are not exposed to undue risks through appropriate risk management.
Chair and Director Fees in NZ
Non-Executive Chair Fees 2019 – Breakdown*
* LGFA relevant data highlighted in yellow

Breakdown By Industry:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Fee components</th>
<th>Sample</th>
<th>Payment value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Banking, Financial and Insurance</td>
<td>Annual fee ($)</td>
<td>30</td>
<td>7%</td>
</tr>
<tr>
<td>Services</td>
<td>Hourly rate ($)</td>
<td>24</td>
<td>6%</td>
</tr>
<tr>
<td>Total hours</td>
<td></td>
<td>32</td>
<td>8%</td>
</tr>
</tbody>
</table>

Breakdown By Total Assets:

<table>
<thead>
<tr>
<th></th>
<th>Fee components</th>
<th>No.</th>
<th>%</th>
<th>Lower quartile</th>
<th>Median</th>
<th>Upper quartile</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5M</td>
<td>Annual fee ($)</td>
<td>61</td>
<td>15%</td>
<td>20,000</td>
<td>30,000</td>
<td>40,000</td>
<td>37,352</td>
</tr>
<tr>
<td></td>
<td>Hourly rate ($)</td>
<td>61</td>
<td>15%</td>
<td>113</td>
<td>194</td>
<td>317</td>
<td>265</td>
</tr>
<tr>
<td></td>
<td>Total hours</td>
<td>137</td>
<td>33%</td>
<td>82</td>
<td>127</td>
<td>200</td>
<td>168</td>
</tr>
<tr>
<td>5.1-10M</td>
<td>Annual fee ($)</td>
<td>27</td>
<td>6%</td>
<td>24,500</td>
<td>40,000</td>
<td>57,000</td>
<td>43,278</td>
</tr>
<tr>
<td></td>
<td>Hourly rate ($)</td>
<td>27</td>
<td>6%</td>
<td>130</td>
<td>189</td>
<td>289</td>
<td>229</td>
</tr>
<tr>
<td></td>
<td>Total hours</td>
<td>41</td>
<td>10%</td>
<td>100</td>
<td>190</td>
<td>312</td>
<td>236</td>
</tr>
<tr>
<td>10.1-20M</td>
<td>Annual fee ($)</td>
<td>25</td>
<td>6%</td>
<td>30,000</td>
<td>40,000</td>
<td>60,000</td>
<td>48,850</td>
</tr>
<tr>
<td></td>
<td>Hourly rate ($)</td>
<td>25</td>
<td>6%</td>
<td>145</td>
<td>197</td>
<td>286</td>
<td>217</td>
</tr>
<tr>
<td></td>
<td>Total hours</td>
<td>32</td>
<td>8%</td>
<td>148</td>
<td>211</td>
<td>357</td>
<td>276</td>
</tr>
<tr>
<td>Range</td>
<td>Annual fee ($)</td>
<td>Hourly rate ($)</td>
<td>Total hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>---------------</td>
<td>----------------</td>
<td>-------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.1-50M</td>
<td>31,7% 34,000, 48,000</td>
<td>30,7% 164, 266</td>
<td>34,8% 151, 193</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50.1-100M</td>
<td>25,6% 42,500, 50,000</td>
<td>22,5% 127, 232</td>
<td>26,6% 144, 258</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100.1-200M</td>
<td>19,5% 43,460, 70,320</td>
<td>8,2% 162, 256</td>
<td>10,2% 145, 222</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.1-500M</td>
<td>37,9% 67,000, 78,000</td>
<td>15,4% 193, 404</td>
<td>19,5% 136, 248</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500.1-1000M</td>
<td>20,5% 62,769, 97,045</td>
<td>14,3% 339, 598</td>
<td>19,3% 57, 180</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;1000M</td>
<td>42,10% 81,094, 143,258</td>
<td>18,4% 245, 504</td>
<td>19,5% 96, 324</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Non-Executive Director Fees 2019 – Breakdown*
* LGFA relevant data highlighted in yellow

Breakdown By Industry:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sample components</th>
<th>No.</th>
<th>%</th>
<th>Lower quartile</th>
<th>Median</th>
<th>Upper quartile</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking, Financial and Insurance Services</td>
<td>Annual fee ($)</td>
<td>88</td>
<td>8%</td>
<td>33,312</td>
<td>59,801</td>
<td>97,917</td>
<td>75,761</td>
</tr>
<tr>
<td></td>
<td>Hourly rate ($)</td>
<td>61</td>
<td>5%</td>
<td>224</td>
<td>407</td>
<td>839</td>
<td>931</td>
</tr>
<tr>
<td></td>
<td>Total hours</td>
<td>81</td>
<td>7%</td>
<td>40</td>
<td>100</td>
<td>187</td>
<td>127</td>
</tr>
</tbody>
</table>
## Breakdown By Total Assets:

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>%</th>
<th>Lower quartile</th>
<th>Median</th>
<th>Upper quartile</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5M</td>
<td>79</td>
<td>7%</td>
<td>12,000</td>
<td>19,000</td>
<td>25,000</td>
<td>19,225</td>
</tr>
<tr>
<td></td>
<td>79</td>
<td>7%</td>
<td>89</td>
<td>161</td>
<td>278</td>
<td>225</td>
</tr>
<tr>
<td></td>
<td>262</td>
<td>23%</td>
<td>50</td>
<td>91</td>
<td>138</td>
<td>110</td>
</tr>
<tr>
<td>5.1-10M</td>
<td>35</td>
<td>3%</td>
<td>15,750</td>
<td>21,500</td>
<td>30,000</td>
<td>23,643</td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>3%</td>
<td>83</td>
<td>152</td>
<td>244</td>
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<tr>
<td></td>
<td>73</td>
<td>6%</td>
<td>72</td>
<td>131</td>
<td>193</td>
<td>163</td>
</tr>
<tr>
<td>10.1-20M</td>
<td>40</td>
<td>4%</td>
<td>18,075</td>
<td>28,000</td>
<td>31,875</td>
<td>26,197</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td>4%</td>
<td>113</td>
<td>195</td>
<td>314</td>
<td>249</td>
</tr>
<tr>
<td></td>
<td>64</td>
<td>6%</td>
<td>77</td>
<td>125</td>
<td>216</td>
<td>159</td>
</tr>
<tr>
<td>20.1-50M</td>
<td>45</td>
<td>4%</td>
<td>20,800</td>
<td>30,000</td>
<td>35,000</td>
<td>29,352</td>
</tr>
<tr>
<td></td>
<td>41</td>
<td>4%</td>
<td>149</td>
<td>214</td>
<td>313</td>
<td>257</td>
</tr>
<tr>
<td></td>
<td>65</td>
<td>6%</td>
<td>85</td>
<td>129</td>
<td>180</td>
<td>163</td>
</tr>
<tr>
<td>50.1-100M</td>
<td>44</td>
<td>4%</td>
<td>20,750</td>
<td>25,000</td>
<td>36,000</td>
<td>29,108</td>
</tr>
<tr>
<td></td>
<td>44</td>
<td>4%</td>
<td>84</td>
<td>130</td>
<td>232</td>
<td>188</td>
</tr>
<tr>
<td></td>
<td>54</td>
<td>5%</td>
<td>116</td>
<td>177</td>
<td>262</td>
<td>253</td>
</tr>
<tr>
<td>100.1-200M</td>
<td>60</td>
<td>5%</td>
<td>27,875</td>
<td>39,360</td>
<td>59,478</td>
<td>44,843</td>
</tr>
<tr>
<td></td>
<td>32</td>
<td>3%</td>
<td>129</td>
<td>202</td>
<td>326</td>
<td>506</td>
</tr>
<tr>
<td></td>
<td>43</td>
<td>4%</td>
<td>133</td>
<td>195</td>
<td>274</td>
<td>207</td>
</tr>
<tr>
<td>200.1-500M</td>
<td>137</td>
<td>12%</td>
<td>37,500</td>
<td>47,000</td>
<td>62,000</td>
<td>50,541</td>
</tr>
<tr>
<td></td>
<td>43</td>
<td>4%</td>
<td>171</td>
<td>278</td>
<td>839</td>
<td>509</td>
</tr>
<tr>
<td></td>
<td>59</td>
<td>5%</td>
<td>56</td>
<td>179</td>
<td>259</td>
<td>205</td>
</tr>
<tr>
<td>500.1-1000M</td>
<td>83</td>
<td>7%</td>
<td>55,918</td>
<td>69,500</td>
<td>90,000</td>
<td>80,159</td>
</tr>
<tr>
<td></td>
<td>45</td>
<td>4%</td>
<td>377</td>
<td>1,227</td>
<td>1,591</td>
<td>1,307</td>
</tr>
<tr>
<td></td>
<td>59</td>
<td>5%</td>
<td>40</td>
<td>44</td>
<td>202</td>
<td>140</td>
</tr>
<tr>
<td>&gt;1000M</td>
<td>183</td>
<td>16%</td>
<td>69,022</td>
<td>87,590</td>
<td>120,400</td>
<td>110,433</td>
</tr>
<tr>
<td></td>
<td>57</td>
<td>5%</td>
<td>187</td>
<td>419</td>
<td>1,563</td>
<td>921</td>
</tr>
<tr>
<td></td>
<td>68</td>
<td>6%</td>
<td>96</td>
<td>187</td>
<td>288</td>
<td>279</td>
</tr>
</tbody>
</table>
Understanding data measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Quartile</td>
<td>This represents the point at which, when ranked from the lowest value to the highest value, 25 per cent of the sample is lower and 75 per cent of the sample is higher. The lower quartile is also known as the 25th percentile.</td>
</tr>
<tr>
<td>Median</td>
<td>When data is ranked from the lowest value to the highest value, the median represents the middle point of the data. At the median, 50 per cent of the sample is lower and 50 per cent of the sample is higher. The median is also known as the 50th percentile.</td>
</tr>
<tr>
<td>Upper Quartile</td>
<td>This represents the point at which, when ranked from the lowest value to the highest value, 75 per cent of the sample is lower and 25 per cent of the sample is higher. The upper quartile is also known as the 75th percentile.</td>
</tr>
<tr>
<td>Average</td>
<td>Indicates the average value of remuneration or benefit in any given sample. The average is calculated by adding the numbers in a sample and then dividing by the count of the sample.</td>
</tr>
</tbody>
</table>

Source Data

Our market data (Chair and Director Fees) has been sourced from the EY IoD Director Fee Survey and our own Board Dynamics director survey.
Prepared by Henri Eliot

August 20, 2019

Henri Eliot
CEO
Board Dynamics
27 September 2019

The Shareholders
NZ Local Government Funding Agency

Dear Shareholder

You have recently received papers from the LGFA for its Annual General Meeting (AGM) on 21 November 2019. The Shareholders’ Council (SC) has considered this material and wishes to make recommendations to help with your decision making prior to the AGM.

Our role (as per the Shareholders’ Agreement) includes requirements to:

- make recommendations to Shareholders as to the appointment, removal, re-election, replacement and remuneration of Directors.
- make recommendations to Shareholders as to any matters which require the approval of Shareholders

Our recommendations on the different AGM resolutions are as follows:

Resolution 1 — Financial Statements and Reports

_The Shareholders’ Council recommends approval is given for this resolution._

Resolution 2 - Election of Directors

Linda Robertson and Mike Timmer have both proven themselves to be effective and competent directors and they have the support of the SC.

There have been no other nominations.

_The Shareholders’ Council recommends approval is given for this resolution._

Resolution 3 - Election of Nominating Local Authorities

- Auckland Council is represented by John Bishop.
- Western Bay of Plenty Council is represented by Kumaren Perumal.

Both are actively involved in LGFA matters and wish to continue their association.

We are not aware of any other Councils that wish to have direct representation on the SC at this time and no other nominations have been received. However, some interest has been expressed from potential new members next year.

_The Shareholders’ Council recommends approval is given for this resolution._
Resolution 4 – Directors’ Remuneration

The Shareholder’s Council commissioned Board Dynamics to undertake an LGFA director remuneration review. This review was to provide an update to the Board Dynamics review undertaken in 2017.

Board Dynamics Review

The Shareholder’s Council met in August to review the report on your behalf. The outcome of our meeting was to make the following recommendations to shareholders, based on our review of the report.

That Annual Fees are set from 2019 as follows:

- Independent Chair $102,000
- Director with Audit and Risk Chair role $63,000
- Director $57,000
- Director with Audit and Risk Committee membership $2,000*

*This additional fee is at the lower end of the recommended range

The report also provides some useful background and information relating to the LGFA, the Board, and remunerations levels at other comparable Boards. You may find this information useful should you need to take a report and recommendations through your governance approval processes.

If you have any questions or queries relating to the report please feel free to contact either myself or Mat Taylor (mat.taylor@boprc.govt.nz), at Bay of Plenty Regional Council who was part of the sub- group of the Shareholder’s Council who oversaw the preparation of the report.

There is very strong (although not quite unanimous) support for the remuneration changes and the Shareholders’ Council recommend that approval is given for this resolution.

Lending directly to CCOs

- Resolution 5 - Changes to Foundation Documents
- Resolution 6 - Changes to the Shareholders’ Agreement

At the November 2018 AGM LGFA received shareholder approval to proceed with establishing the framework and process to lend directly to CCOs. LGFA management subsequently commissioned Russell McVeagh to help develop the structure, process and drafting changes to the LGFA legal documents to implement the required changes.

The Shareholders Council received draft documentation to review and provide feedback. We in turn commissioned Simpson Grierson to give independent advice on the overall approach and documentation.

As you will be aware the LGFA documentation [Shareholders’ Agreement, Multi-Issuer Deed, Notes Issuer Agreement and Guarantee & Indemnity] is complex and detailed. It has gone through numerous iterations as feedback from LGFA, two legal firms and the Shareholders’ Council (comprising nine council and two central government appointees) has been reviewed and incorporated. We have now reached agreement that the proposed changes to the documentation are appropriate and will allow LGFA to lend directly to CCOs without exposing guarantors to additional risk, which was a fundamental aspect of the 2018 AGM decision.

The Notice of Meeting from LGFA includes some information about the proposed changes, so I will not include that in this letter. However, we have worked with LGFA management to prepare two discussion papers that
provide 'plain English' explanations. Councils may wish to include one or both of these in agendas if any Elected Member approvals are required.

However, I would like to point out that during this process the SC facilitated considerable discussion about:

- ensuring that the proposed arrangements did not add any additional risk to guarantors
- the way financial covenants should be calculated where there are lending arrangements at both Parent and Group level for a council; particularly those relating to the Debt to Revenue ratio. We will be working with LGFA to review this going forward.
- limiting direct lending to CCO's that are 100% in the ownership of one or more councils (with the sole exception being those with a Central Government shareholding)
- incorporating the ability to lend to CCOs with less than 100% council ownership in the future. A minimum of 51% ownership would be required, with this facility only being 'switched on' following a Special Resolution of shareholders at a later date. This high approval threshold (which requires at least 75% approval) has been set at the SC's request as lending to entities (even though they would be minority shareholders) outside our sector is seen as a fundamental change in LGFA's operating model.
- ensuring any agreements embedded in the foundation documents are not compromised by the proposed changes
- having all documents drafted so that they meet all requirements for this change, but are not so prescriptive that they hinder the practical application of the underlying principles as LGFA conduct their business.

This has been a complex and time-consuming process with some robust discussion between the parties involved. Much of the complexity has arisen because we have had to accommodate the wide (and often subtle) variations in the way councils and their CCOs are structured across our sector as we have contemplated both current and potential future scenarios (such as the formation of jointly-owned water service providers).

During our deliberations the SC members recognised that we have separate interests as shareholders, guarantors and borrowers. However, given the cooperative structure of LGFA, we felt that these interests did not give arise to any specific conflicts that precluded any members from participation in the process.

We also note there are also some minor amendments required to reflect the lending growth of LGFA and these changes are supported.

We have now reached a point where there is very strong (although not quite unanimous) support for all the proposed changes, and the Shareholders’ Council recommend that approvals are given for both these resolutions.

I trust you find this information helpful. Please contact me or your Shareholders’ Council liaison should you wish to discuss any matter relating to this letter or any other aspects of LGFA operations.

Yours sincerely

Alan Adcock
Chair, LGFA Shareholders’ Council

cc. Mark Butcher, Chief Executive LGFA
Background information and an update on CCO lending

The New Zealand Local Government Funding Agency (LGFA) is an agency specialised in financing the New Zealand local government sector. LGFA was established to raise debt on behalf of councils on terms that are more favourable to them than if they raised the debt directly. LGFA was incorporated as a limited liability company under the Companies Act 1993 on 1 December 2011, following the enactment of the Local Government Borrowing Act 2011. As LGFA is majority owned by councils, it constitutes a "council-controlled organisation" under the Local Government Act 2002.

Capital structure and shareholding

As at 2 September 2019, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. There are currently 31 shareholders, comprising the New Zealand Government at 20% and 30 councils at 80%. Any councils wanting to become new shareholders are required to purchase shares from existing council shareholders. The capital structure of LGFA comprises fully paid shares, unpaid shares, retained earnings and borrower notes. Borrower notes are subordinated convertible debt instruments which each council that borrows from LGFA must subscribe for (in an amount equal to 1.6% of the long term borrowing from LGFA by that council). LGFA will redeem borrower notes when the council's related borrowings are repaid or no longer owed to LGFA. Currently there are NZ$147 million of borrower notes on issue.

Borrowing and lending

LGFA operates with the primary objective of optimising the debt funding terms and conditions for participating councils. LGFA borrows by issuing LGFA bonds (greater than one-year maturity) and LGFA Bills (less than one-year maturity) to investors and banks and then on-lends the proceeds to councils. As at 2 September 2019, there are NZ$10.005 billion of LGFA bonds listed on the NZX across nine maturities from 2020 to 2033. These bonds include $450 million of treasury stock issued to LGFA for liquidity purposes. As at 2 September 2019, there are $463 million of LGFA Bills on issue.

LGFA has experienced strong growth in lending to the sector and has approximately 92% market share of all council borrowing. As at 30 June 2019, LGFA had lent $362 million on a short-term basis to councils and $8.902 billion on a long-term basis.
As at 2 September 2019, there are 64 Participating Local Authorities ("PLAs") who are members of LGFA. There are 63 borrowers amongst the PLAs with Mackenzie District the only non-Borrower to date. The PLAs cover 98% of the local government sector debt. Auckland Council is restricted to borrowing no more than 40% of LGFA lending and is currently at 25%.

The ten largest council borrowers from LGFA as at 2 September 2019 are:

<table>
<thead>
<tr>
<th>Council Borrower</th>
<th>$ millions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland</td>
<td>$2,407</td>
<td>24.8%</td>
</tr>
<tr>
<td>Christchurch City</td>
<td>$1,802</td>
<td>18.6%</td>
</tr>
<tr>
<td>Wellington City</td>
<td>$585</td>
<td>6.0%</td>
</tr>
<tr>
<td>Tauranga City</td>
<td>$500</td>
<td>5.1%</td>
</tr>
<tr>
<td>Greater Wellington Regional</td>
<td>$400</td>
<td>4.1%</td>
</tr>
<tr>
<td>Hamilton City</td>
<td>$385</td>
<td>4.0%</td>
</tr>
<tr>
<td>Kapiti Coast District</td>
<td>$215</td>
<td>2.2%</td>
</tr>
<tr>
<td>Bay of Plenty Regional</td>
<td>$192</td>
<td>2.0%</td>
</tr>
<tr>
<td>Rotorua District</td>
<td>$187</td>
<td>1.9%</td>
</tr>
<tr>
<td>Hutt City</td>
<td>$179</td>
<td>1.8%</td>
</tr>
<tr>
<td>53 others</td>
<td>$2,861</td>
<td>29.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,713</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Guarantee structure**

LGFA’s obligations in relation to its securities issued are guaranteed by the councils that are guarantors under the Guarantee and Indemnity Deed. Other than the New Zealand Government, each shareholder in LGFA must be a guarantor. In addition, any council that borrows in aggregate
NZ$20 million or more from LGFA must be a guarantor. The guarantee will be in favour of the obligations of LGFA. Any call under the guarantee will be allocated across all the guarantors on a pro rata basis in relation to their rates revenue.

There are 52 Guarantors of LGFA. The only non-Guarantors (due to their small amount of borrowing) are Northland and West Coast Regional Councils and Grey, Central Hawkes Bay, Opotiki, Buller, Rangitikei, Stratford, Wairoa, MacKenzie, Clutha and Westland District Councils.

The New Zealand Government does not guarantee LGFA.

**Governance and oversight**

The LGFA Board is responsible for the strategic direction and control of LGFA’s activities and comprises five independent and one non-independent directors. The Board guides and monitors the business and affairs of LGFA, in accordance with the

- Local Government Act 2002
- Local Government Borrowing Act 2011
- Companies Act 1993
- LGFA’s Constitution
- LGFA Shareholder Agreement
- LGFA Annual Statement of Intent

The LGFA Shareholders’ Council comprises five to ten appointees from the council shareholders and the New Zealand Government. The role of the Shareholders’ Council is to

- Review and report performance of LGFA and the board
- Recommend to shareholders as to the appointment, removal, replacement and remuneration of directors
- Recommend to shareholders as to any changes to policies, or the SOI, requiring their approval
- Update shareholders on LGFA matters and
- Co-ordinate shareholders on governance decisions.

LGFA is audited by Audit NZ.

**Risk management**

The LGFA risk management framework follows industry best practice principles and the three lines of defence model to identify, assess and mitigate the risks faced by the business, as a part of its daily business operations.

The LGFA board and the audit and risk committee are responsible for the governance oversight of LGFA’s risk management, compliance and internal audit functions. The CEO and the Manager, Risk and Compliance are responsible for the daily operational controls and processes that are in place to mitigate the business risks of the organisation.

The Risk and Compliance Manager also undertakes the board approved internal audit operations of LGFA and KPMG (appointed by Audit NZ) are the LGFAs external auditors.
The major risks and mitigants faced by LGFA are:

- **Interest Rate Risk** is where LGFA is subject to adverse movements in interest rates or borrowing spreads. This is mitigated by very tight treasury policy and board-imposed limits and compliance reporting requirements to the LGFA board.

- **Funding Risk** is where LGFA incurs a mismatch between its borrowing and lending activities and either cannot borrow to match its maturities or incurs a financial loss in doing so. LGFA can issue short-dated and long-dated instruments, borrows for long terms than it on-lends to councils and has a Liquid Assets Portfolio (LAP) and a standby facility from the New Zealand Government.

- **Credit Risk** is where a loan to a council cannot be repaid or an investment in the LAP incurs a loss due to a credit event. This is mitigated through LGFA lending to councils on a secured basis (against rates revenue) and each council borrower must comply with LGFA imposed financial covenants. LGFA has strict limits on what investments can be held in the LAP in terms of type, term, amounts and credit ratings of investments in individual securities and issuers.

LGFA also has a defined compliance framework in place, to ensure that all legal, regulatory and treasury compliance requirements are actively managed and reported to the LGFA board.

**Credit rating**

LGFA has credit ratings from both S&P Global Ratings and Fitch Ratings Services. The credit rating of AA+ is the same as the rating of the New Zealand Government and is on a positive outlook by S&P.

**LGFA history**

Since establishment in 2012, LGFA has sought to continuously improve to meet the requirements of its council members. A brief timeline is as follows:

- **February 2012**: Commenced issuing bonds and on-lending to councils. Councils could only borrow at times that LGFA was issuing bonds and only borrow into maturity dates that LGFA was issuing bonds into. LGFA bond maturity dates matched the New Zealand Government Bond (NZGB) maturity dates and all LGFA bond issuance via a tender was held approximately every 6 weeks.

- **March 2015**: Commenced bespoke lending where a council could borrow at anytime and into any maturity date between the end points of the LGFA bond curve (currently between 2020 and 2033).

- **June 2015**: Transitioned the front, middle and back office from New Zealand Treasury to an in-house model incorporating a new treasury system.

- **October 2015**: Commenced short-term lending where a council can borrow for terms of between 30 days and 365 days. LGFA commenced issuing LGFA bills with maturity dates of less than 1 year.

- **November 2015**: LGFA bonds listed on the NZX debt market.
June 2016  LGFA established bond lending facility where banks can borrow LGFA bonds to assist with trading and market liquidity.

November 2017  Shareholders approved changes to Foundation Policy at AGM regarding LGFA investment portfolio to accommodate growth in LGFA balance sheet.

April 2018  April 2022 LGFA bond issued – this was the first LGFA bond that did not match a NZGB maturity.

November 2018  Shareholders approved changes to Foundation Policy at AGM to allow lending to Council Controlled Organisations (CCOs).

March 2019  First LGFA bond issued via syndication rather than by tender with a maturity date of April 2024.

November 2019  LGFA will be approaching shareholders to approve documents to progress CCO lending (see below).

**CCO lending – for shareholder approval at November 2019 AGM**

Currently LGFA can only lend to a council. However, a number of councils borrow and on-lend to their CCO subsidiaries and LGFA has been asked to change so that it can lend direct to CCOs (with the consent of the parent council).

There are several reasons for LGFA to lend to CCOs.

- LGFA estimates that forty-seven of its sixty-four member councils have CCOs and a number of councils currently borrow and on-lend to their CCO subsidiaries.
- CCOs are an important part of the Local Government sector and LGFA cannot currently lend directly to CCOs.
- It is difficult for multiple owned CCOs to access financing from LGFA and with potential reform of the water sector signalled by Central Government, LGFA needs to consider what this might mean for sector borrowing.
- Dunedin City Council is one of the few councils not to borrow through LGFA and part of the reason is that they undertake their borrowing through a CCO subsidiary.

LGFA needs to continuously evolve to meet changes in the operating environment and stakeholder demands and in 2018 we started to look at whether LGFA could lend to CCOs.

LGFA received shareholder approval at the November 2018 AGM to proceed with establishing the framework and process to lend directly to CCOs. Russell McVeagh and LGFA management have been working on the structure, process and drafting changes to the LGFA legal documents. Simpson Grierson have acted on behalf of LGFA member councils to provide feedback on the proposal.

There is no additional risk for LGFA guarantors as a result of lending to CCOs because

- The existing four financial covenant requirements at council parent level remain the key metrics for LGFA lending decisions. Given that any LGFA lending to CCOs must have a parent guarantee or uncalled capital availability, these annually tested parent covenants must remain inviolate, thus providing no less security for LGFA member guarantors than exists now;
• The LGFA board will make the decisions to lend to CCOs following extensive credit analysis of the CCO;
• LGFA will lend only to CCOs that are 100% owned by a council, a group of councils or a mix of councils and Central Government
• LGFA will report to shareholders on direct lending to CCOs which will provide more transparency for members than the current mechanism where parent councils borrow and on-lend to their CCO subsidiaries;
• LGFA member councils have the right to apply for LGFA to monitor their covenants at a Group level. So far, no council has yet applied to the LGFA.

Russell McVeagh have drafted changes to the following documents:

• Multi Issuer Deed
• Notes Subscription Agreement
• Guarantee and Indemnity
• Shareholder Agreement

Approvals for these changes will be sought at the AGM in November 2019.
WAIMAKARIRI DISTRICT COUNCIL

REPORT FOR DECISION

FILE NO and TRIM NO: GOV-30 / 191024149077
REPORT TO: Council
DATE OF MEETING: 5 November 2019
FROM: Sarah Nichols, Governance Manager
SUBJECT: Conflict of Interests Register

1. SUMMARY

1.1 This report seeks to formally review the Register of Interests for the Mayor and Councillors as a matter of best practice and as per Council resolution of 5 June 2018.

1.2 The Register is reviewed twice a year, with the last review formally occurring at the 2 July 2019 Council meeting.

Attachments:

i. Register of Interests June 2019 (Trim 190624088464)
ii. Register of Interests Policy (Trim 180419043038)
iii Proposed Register of Interests November 2019 (Trim 191024149079)

2. RECOMMENDATION

THAT the Council:

(a) Receives report No. 191024149077.

(b) Reviews the Register of Interests content, recording any amendments. (Trim 1901024149079).

(c) Notes a Register of Interests will be republished in the December 2019 agenda and notes the Register of Interests is listed on the Council website.

(d) Notes amendments can be made at any time by notification to the Governance Manager.

(e) Notes the Register will be next reviewed by in February 2020, and thereafter June and December of each year through the 2019-22 electoral term.

(f) Notes a Register of Interests will be activated for the Community Boards in December 2019.

3. BACKGROUND

3.1 Elected members of the Council are required to operate in a transparent and unbiased manner, and it is important to be seen to be operating in this manner by the community. The Auditor-General states elected member decision-making should be guided by the...
principles of integrity, honesty, transparency, openness, independence, good faith and service to the public.

3.2 The Council, Standing Committees and Community Boards, at the beginning of each meeting, ask for any conflicts of interest to be declared and this is duly recorded in the meeting minutes. It is recommended best practice to have a more formal disclosure of members’ interests where pecuniary (financial) interest may arise. The register is not designed to be a ‘register of wealth’ but only record fact of a personal financial interest in matters that intersect with the Council business.

3.3 The Code of Conduct describes conflicts of interests in general terms using the Office of the Auditor General’s Good Practice Guide. Local Government NZ, the Auditor General and Deloitte’s recommended that the Council should establish a Register of Members’ Interests. The Council subsequently adopted a Policy and Register which is reviewable every December and June. Staff now present the Register for its b-annual review.

4. ISSUES AND OPTIONS

4.1 A conflict of interest, in any matter before the Council, must be declared to the meeting, recorded in the minutes and members refrain from discussing or voting on the matter, as is this Council's present practice. The Local Authorities (Members’ Interests Act 1968) applies to the pecuniary interests of members of local authorities, and the Auditor-General recommends that the same procedure be followed for non-pecuniary interests.

4.2 It is recommended by the Auditor-General that the Council have a Register of Members Interests to help ensure that any conflicts of interest (both pecuniary and non-pecuniary) that arise are identified and managed before they cause issues. Such a disclosure signals openness, transparency and reduces the potential for false allegations of improper behaviour.

4.3 In the Auditor-General’s Best Practice Guide a conflict of interest is defined as “where a member’s or official's duties or responsibilities to a public entity could be affected by some other interest or duty that the member or official may have”.

4.4 A pecuniary interest is not defined in the Act but the recommended test to use is: Whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation or a gain or loss of money for the member concerned. Would a reasonable, informed observer think that your impartiality might have been affected?

4.5 The Interests Register would also apply to any business activities/contracts with the Council undertaken by the spouses or partners or immediate family (including children/siblings), of any elected or externally appointed members.

4.6 While the Council has adopted to establish a register of interests, whether a member wishes to make a declaration, and the extent of such a declaration, is a matter for each member. The Council cannot require a member to make a disclosure.

4.7 It should be noted that declarations associated with an election fall outside the intention of the Interests’ Register and are subject to the Local Electoral Act 2001.

4.8 The Management Team have reviewed this report and support the recommendations.
5. COMMUNITY VIEWS

5.1. Groups and Organisations
No groups or organisations have been consulted.

5.2. Wider Community
The wider community has not been consulted.

6. IMPLICATIONS AND RISKS

Financial Implications

6.1. Under section 3 (Disqualifying contracts between local authorities and their members) of 'the Act', no person shall be capable of being elected as or appointed to be or of being a member of a local authority or of any committee of a local authority, if the total of all payments made or to be made by or on behalf of the local authority in respect of all contracts made by it in which that person is concerned or interested exceeds $25,000 in any financial year. This is applicable unless approval from the Auditor-General is obtained (section 3,(3)).

6.2. Any elected member that commits an offence under 'the Act' is liable on conviction to a fine not exceeding $200.

6.3. No cost is associated with maintaining a Register of Members Interests, which would be maintained by the Governance Manager.

Community Implications

6.4. Perceived conflict of interest of undemocratic and appropriate best practices being upheld and loss of confidence from the community if a breach occurs.

Risk Management

6.5. By having a Register of Interests, and reviewing at least annually, elected members are aware of their responsibilities and minimal risk to the organisation due to best practices and appropriate declarations. All Council, Committee and Community Board agendas will continue to list "conflicts of interest" for recording at each decision meeting.

6.6. It is proposed that in the new electoral term (post October 2019) the Register of Interests will be extended to include all Community Board members.

Health and Safety

6.7. Not applicable.

7. CONTEXT

Policy

7.1. This matter is not a matter of significance in terms of the Council’s Significance and Engagement Policy.

Legislation

7.2. Local Authorities (Members’ Interests Act 1968)

7.2.1. ensuring that members are not affected by personal motives when they participate in decisions of their local authority, and
7.2.2. preventing members, in contracting situations, from using their position to obtain preferential treatment from the authority.

7.2.3. controls the making of contracts worth more than $25,000 in a financial year between members and their authority, and

7.2.4. prohibits members from participating in matters before the authority in which they have a pecuniary interest, other than an interest in common with the public.

7.3. Local Government Act 2002


Community Outcomes

7.5. There are wide ranging opportunities for people to contribute to the decision making that effects our District:

- The Council makes information about its plans and activities readily available.
- The Council takes account of the views across the community including mana whenua.
- The Council makes known its views on significant proposals by others affecting the District’s wellbeing.
- Opportunities for collaboration and partnerships are actively pursued.

Delegations

7.6. The Council has the authority to approve or amend any Policy at any time.

Sarah Nichols
GOVERNANCE MANAGER
## Waimakariri District Council
### Register of Interests – as at 24 June 2019 - Mayor and Councillors

<table>
<thead>
<tr>
<th>Elected Member</th>
<th>Date of Update from Member</th>
<th>Member Declared Interest (Business/Patron/Club/Partnership)</th>
<th>Council Appointments</th>
<th>Spouse/Partner Declared Interest</th>
<th>OAG approval status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected Member</td>
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</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Councillor Kevin Felstead</td>
<td>8 May 2018</td>
<td>Sole Trader: Resource Consent Services</td>
<td>Nil.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Councillor Neville Atkinson</td>
<td>18 June 2019</td>
<td>Kaiapoi Community Care and Employment Trust (KCC&amp;ET)(Tag Busters) Kaiapoi Railway Station Trust (Chair)</td>
<td>Trustee – Te Kohaka O Tuhaitara Trust</td>
<td>Nil.</td>
<td>Approved (KCC&amp;ET) 17 June 2019</td>
</tr>
<tr>
<td>Councillor Kirstyn Barnett</td>
<td>8 May 2018</td>
<td>Nothing to declare</td>
<td>Nil.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Councillor Alistair Blackie</td>
<td>8 May 2018</td>
<td>Nothing to declare</td>
<td>Nil.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Councillor Robbie Brine</td>
<td>April 2018</td>
<td>Serving NZ Police Officer</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Councillor Wendy Doody</td>
<td>4 December 2018</td>
<td>Partner of The Oxford Fete</td>
<td>Trustee - North Canterbury Sport and Recreation Trust</td>
<td>Nil.</td>
<td>n/a</td>
</tr>
<tr>
<td>Councillor John Meyer</td>
<td>8 May 2018</td>
<td>Patron Kaiapoi Tennis Club Patron Kaiapoi Darnley Club</td>
<td>Nil.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Councillor Sandra Stewart</td>
<td>8 May 2018</td>
<td>Self-employed journalist, owner four hectare property Springbank (near Cust)</td>
<td>Nil.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Councillor Paul Williams</td>
<td>8 May 2018</td>
<td>Nothing to declare</td>
<td>Nil.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>Elected Member</td>
<td>Date of Update from Member</td>
<td>Member Declared Interest (Business/Patron/Club/Partnership)</td>
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<td>----------------------</td>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>--------------------</td>
</tr>
</tbody>
</table>
| Councillor Dan Gordon| 11 March 2019               | Employed by Parliamentary Services  
Trustee – Rotary Club of Rangiora Charitable Trust  
Member – Rotary Club of Rangiora  
Chair – Waimakariri Arts Trust Committee Member – Waimakariri Community Arts Council  
Member - Rangiora Museum Patron – North Canterbury Musicals | Trustee - North Canterbury Sport and Recreation Trust  
Deputy Chair – Rural Canterbury Primary Health Organisation  
Board member – Rangiora Promotions  
Chair – Friends of Rangiora Town Hall Incorporated  
Member – Rangiora Airfield Advisory Committee | Nil. | n/a |

This document was reviewed at the Council meeting of 4 December 2018 and subsequently updated.

This document supersedes the previous documents Trim 190311031245 Dated 11 March 2019 and Trim 181205143166 Dated 5 December 2018.
REGISTER OF INTERESTS POLICY

1 Introduction
Elected members of the Council have a number of professional and personal interests and roles. Conflicts of interest sometimes cannot be avoided but they need not cause problems when promptly disclosed and well managed. Disclosure by an elected member is voluntary.

This policy is intended to reflect best practice, and will generally be applied by the Council (ie Councillors).

Examples of conflicts include paid outside employment, company directors or commercial relationships that interface with the Council or a Community Board.

2 Policy Context
This policy applies to all elected members, including committees and hearing panels. A disclosure of interest policy is already in place for Council employees.

A conflict of interest occurs when:

• the activities of an elected member leads, or could lead, to material benefit for that elected member concerned or to an external entity, either directly or indirectly, to the detriment, or potential detriment, of the Council.

• the activities of an elected member interfere, or could interfere, with that elected member's fulfilment of their obligations.

If elected members are unclear about the application of this policy to specific circumstances or situations they should seek clarification from the Governance Manager or Chief Executive.

3 Policy Objective
The objective of this policy is to:

• provide best practice guidance to Council members so that such decisions are seen to be transparent and unbiased and without giving rise to any perception of conflict of interest;

• set rules around disclosing actual, potential and perceived conflicts and accepting gifts and other benefits; and

• set out Council’s expectations for its members to ensure compliance with the provisions of the legislation and good practice guides listed below;

• preserve public trust in Council by avoiding actual, perceived or potential bias.

4 Policy Statement
Elected members must carry out their duties in an efficient and competent manner and avoid any behaviour which might impair their effectiveness, or damage the integrity or standing of the Council. Thus it is fundamental to the protection of the reputation of Waimakariri District Council that no elected members have, or are perceived to have, a conflict between their official responsibilities and their personal interests.

A conflict of interest can arise where two different interests overlap, i.e. in any situation where an elected member has a financial interest, a private or personal interest or business interest
sufficient to influence or appear to influence the impartial exercise of their official duties or professional judgment.

Members must at all times avoid situations where their integrity might be questioned or where they may appear to favour one party, supplier or customer over another. In addition, members must act honestly and impartially and in no circumstances reveal or make private use of personal, confidential or other non-public information obtained as a result of their employment by the Council.

The existence of a conflict of interest may not necessarily mean that the elected member concerned has done anything wrong or that the interests of Council or the public have been compromised. For an elected member a conflict of interest that creates risks may be where their duties or responsibilities to Council could be affected by some other interest or duty that they may have. For example, other interests or duties might exist for an elected member because of their own financial affairs; a relationship (private or personal interest) or other role (business interest) that the elected member has; or something the elected member has said or done.

Disclosure provides transparency and protects those concerned from allegations of duplicity and enables the avoidance of being unwittingly placed in situations that may lead to a conflict of interest.

5 Policy Actions
Council members are to conduct themselves at all times under the above principles, ensuring that:

- self-interest or personal factors are not permitted to influence their decision making;
- financial, family, personal or business relationships or interests do not in fact, nor appear to, unfairly advantage or disadvantage the Council, elected members or other individuals or organisations;
- they are not involved in the appointment process of people with whom they have a close personal or family relationship;
- they do not take part in discussions, deliberations, decision-making or voting on a matter in which he/she (or a member of his/her immediate family or a dependent) has a material interest;
- they observe the highest standards of behaviour in accepting gifts or rewards. Any gift that might attract the suspicion of improper motive, or which obligates the individual should not be accepted. In any event all gifts offered (received or not) are to be declared (refer to WDC Gifts & Hospitality Policy and Elected Members’ Code of Conduct);
- Council’s name, resources, information and time are not used for private or personal benefit without prior written consent of an authorised person;
- any conflict of interest identified is declared as soon as possible;

As part of the induction process, new Council members will receive advice on how to identify, report, and manage conflicts of interest.

Council members must monitor any business interactions between the Council and any company or organisation in which the member has a material interest and ensure that such business does not exceed $NZ25,000 (including GST) in value without the prior approval of the Auditor-General.
REGISTER OF INTERESTS POLICY

Elected Members shall:

• declare any interests in contracts in the Council’s Interest Register;
• discuss any proposed interest in contracts (of whatever value) in advance with the Chief Executive and/or the OAG and follow the advice that they are given;
• not participate in decision-making relating to any contract in which they have an interest;
• not accept any gifts (including hospitality, entertainment) from tendering parties where the Council or community board/committee will be part of the decision-making process.

6 Interests Register

The Governance Manager will maintain an elected member Interests Registers which is to be updated at least annually (1st December) and as required when an elected member declares a conflict of interest at any time during the year.

The Elected Members Interests Register will be published on the Council website and in the Council agenda each December and following any amendment.

7 Links to legislation, other policies and community outcomes

- Local Authorities (Members Interests) Act 1968
- Managing Conflicts of Interest: Guidance for Public Entities (Office of the Auditor-General)
- Guidance for Members of Local Authorities about the Local Authorities (Members’ Interests) Act 1968
- Purchasing Policy (including Tendering) 2017
- Elected Members Code of Conduct.

8 Guidance Notes relating to the making of returns:

The following explanatory notes are intended to assist members in preparing their returns for the register but a final judgment on interpreting the requirements in the responsibility of the members themselves.

• You may have financial interests that are not covered by the requirements for the register but do need to be declared orally to a committee before you participate in debate relating to that interest. This might include an interest you have acquired but is not due for registration until several months later, or it may relate to an interest of a family member. If in any doubt, you should consider making an oral declaration to the committee before participating in consideration of a related item of business, regardless of any written registration.

• There is no formal requirement to register any change in your interests 1st December each year (or any other date required for an initial return) until the next return is required. However the requirements for an oral declaration will apply to any interests that have not been registered.

• At no stage are you required to state the actual value or extent of any interest. You simply need to register its existence.

• If any interest is held jointly with another person or persons, you should indicate the interest. You can list it as jointly owned but do not need to name the other owner(s).
POLICY

REGISTER OF INTERESTS POLICY

9 Definitions

Business entity means anybody or organisation, whether incorporated or unincorporated, that carries on any profession, trade, manufacture, or undertaking for pecuniary profit, and includes a business activity carried on by a sole proprietor.

Company means: a) A company registered under Part 2 of the Companies Act 1993, or
b) A body corporate that is incorporated outside New Zealand

Relevant Interest is when an elected member has a business, financial or personal interest in a company, trust, or community organisation that is likely to do business with council at any time.

Conflict of Interest means any situation when a person has a financial, personal or business interest sufficient to influence or appear to influence the impartial exercise of their official Council duties or professional judgement.

Matter means the Council’s performance of its functions or the exercise of its powers, or an arrangement, agreement or contract the Council has entered into or proposes to enter.

Member means elected members of Waimakariri District Council and Community Boards.

Business Interest An elected member will have a business interest in an enterprise seeking to do business with the Council if they:
• are a director of the enterprise;
• are an owner of or partner in the enterprise;
• have a shareholding in the enterprise;
• have a close personal or familial relationship with a person who is an owner or partner or significant shareholder in the enterprise.
• Holds a significant managerial role that trades with Waimakariri District Council.

Declarations of a Conflict: is a reference to a real, perceived or potential conflict and is valid for Council, Committees and Community Boards.

Financial Interest means anything of monetary value, including but not limited to:
• Salary or payments for service, e.g. consulting fees and honoraria;
• Equity interests, e.g. stocks, stock options and other ownership interests;
• Gifts;
• Allowances, forgiveness of debts, interests in real estate or personal property, dividends, rents, capital gains; and
• Intellectual property rights, e.g. patents, copyrights and royalties from these rights.
• The term does not include salary or other remuneration received from or approved by Council.

Pecuniary Interest: An interest that involves money.

Personal Interest An elected member has a personal interest in a matter if their spouse or partner, or other person in their family with whom there is a close friendship or relationship, could be advantaged or disadvantaged by any decision that the
POLICY

REGISTER OF INTERESTS POLICY

staff or elected member either can make, or does make, or is in a position to influence.

Relevant Interest is when an elected member has a business, financial or personal interest in a company, trust, or community organisation that is likely to do business with council at any time.

Spouse/Partner/ Family:
Under the various Acts pertaining to Conflict or Pecuniary Interests it is also relevant to the elected member if the conflict of interest pertains to their spouse, partner or close family member (ie brother/sister, son/daughter, parent).

10 Adopted by and date

This Policy was considered and adopted by the Council at its meeting of 1 May 2018.

11 Review

First Review October 2019, then review every six years thereafter, or sooner on request.
### Waimakariri District Council

#### Register of Interests – as at xxx November 2019 - Mayor and Councillors

<table>
<thead>
<tr>
<th>Elected Member</th>
<th>Date of Update from Member</th>
<th>Member Declared Interest (Business/Patron/Club/Partnership)</th>
<th>Council Appointments</th>
<th>Spouse/Partner Declared Interest</th>
<th>OAG approval status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor Dan Gordon</td>
<td>11 March 2019</td>
<td>Trustee – Rotary Club of Rangiora Charitable Trust&lt;br&gt;Member – Rotary Club of Rangiora&lt;br&gt;Chair – Waimakariri Arts Trust&lt;br&gt;Committee Member – Waimakariri Community Arts Council&lt;br&gt;Member - Rangiora Museum Patron – North Canterbury Musicals</td>
<td>Trustee – North Canterbury Sport and Recreation Trust&lt;br&gt;Deputy Chair – Rural Canterbury Primary Health Organisation&lt;br&gt;Board member – Rangiora Promotions&lt;br&gt;Chair – Friends of Rangiora Town Hall Incorporated</td>
<td>Nil.</td>
<td>n/a</td>
</tr>
<tr>
<td>Councillor Kirstyn Barnett</td>
<td>8 May 2018</td>
<td>Nothing to declare</td>
<td></td>
<td>Nil.</td>
<td>n/a</td>
</tr>
<tr>
<td>Councillor Alistair Blackie</td>
<td>8 May 2018</td>
<td>Nothing to declare</td>
<td></td>
<td>Nil.</td>
<td>n/a</td>
</tr>
</tbody>
</table>
### Council Appointments

<table>
<thead>
<tr>
<th>Elected Member</th>
<th>Date of Update from Member</th>
<th>Member Declared Interest (Business/Patron/Club/Partnership)</th>
<th>Council Appointments</th>
<th>Spouse/Partner Declared Interest</th>
<th>OAG approval status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Councillor Robbie Brine</td>
<td>April 2018</td>
<td>Serving NZ Police Officer</td>
<td></td>
<td></td>
<td>n/a</td>
</tr>
<tr>
<td>Councillor Wendy Doody</td>
<td>4 December 2018</td>
<td>Partner of The Oxford Fete</td>
<td>Trustee - North Canterbury Sport and Recreation Trust</td>
<td>Nil.</td>
<td>n/a</td>
</tr>
<tr>
<td>Councillor Niki Mealings</td>
<td>November 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Councillor Philip Redmond</td>
<td>November 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Councillor Sandra Stewart</td>
<td>8 May 2018</td>
<td>Self-employed journalist, owner four hectare property Springbank (near Cust)</td>
<td></td>
<td>Nil.</td>
<td>n/a</td>
</tr>
<tr>
<td>Councillor Joan Ward</td>
<td>November 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Councillor Paul Williams</td>
<td>8 May 2018</td>
<td>Nothing to declare</td>
<td></td>
<td>Nil.</td>
<td>n/a</td>
</tr>
</tbody>
</table>

This document was reviewed at the Council meeting of 5 November 2019 and has subsequently been updated.

This document supersedes the previous documents Trim 190624088464 Dated June 2019, Trim 190311031245 Dated 11 March 2019 and Trim 181205143166 Dated 5 December 2018.
WAIMAKARIRI DISTRICT COUNCIL

REPORT FOR DECISION

FILE NO and TRIM NO: GOV30/ 191024148308

REPORT TO: Council

DATE OF MEETING: 5 November 2019

FROM: Sarah Nichols, Governance Manager

SUBJECT: Councillor Remuneration

SIGNED BY: 

1. SUMMARY

1.1 This report seeks to consider the remuneration for Councillors from mid-October 2019 to 30 June 2020.

1.2 Due to changes from the Remuneration Authority (RA) that authorise the remuneration of all elected members, Councillors remuneration is to be set from a funding pool for the Councillors. It is for the incoming Council to decide on the distribution of the pool, with the ability to increase remuneration in recognition of additional duties, such as portfolio holder responsibilities. The Authority continues to set the Mayor and Community Board remuneration.

1.3 At the Inaugural Council meeting held on 25 October 2019 it was decided that all Councillors, including Deputy Mayor, would hold portfolios and chair committee meetings during their 2019-22 term in office.

Attachments:

i. Council and Community Board Expenses Policy to 30 June 2020 (Trim 191025149183).

2. RECOMMENDATION

THAT the Council:

(a) Receives report No. 191024148308.

(b) Notes the Mayoral remuneration, set by the Remuneration Authority is $137,500pa from 18 October 2019 to 30 June 2020.

(c) Notes the remuneration funding pool set by the Remuneration Authority for Councillors, including Deputy Mayor, is $488,448.

(d) Notes all nine (9) Councillors hold portfolios and all Chair a Committee through the electoral term, and are appointed to a Community Board.

(e) Notes the Deputy Mayor and Councillors remuneration will be conveyed to the Remuneration Authority before 22 November 2019 for formal authorisation.
(f) **Notes** Councillors will be paid at the base rate of $37,073 per annum (pa) until the Remuneration Authority gazettes and approves the Council recommendation of Councillor and Deputy Mayor remuneration.

(g) **Approves** the Deputy Mayor remuneration, from the funding pool, being $58,122.00 from 18 October 2019 to 30 June 2020.

(h) **Approves** nine (9) Councillors receiving $47,814.00, from the funding pool from 18 October 2019 to 30 June 2020.

(i) **Adopts** the Council and Community Board Expenses Policy from 18 October 2019 to 30 June 2020 (Trim 191025149183), noting it will be recorded with the Remuneration Authority.

(j) **Circulates** a copy of this report and the approved Expenses Policy to all Community Boards for their reference.

3. **BACKGROUND**

3.1 The Remuneration Authority (RA) set the remuneration, allowances and expenses for elected members. During 2018 the Authority completed a comprehensive review of its approach to determining the remuneration and allowance for local government elected members. The Authority took into consideration the size of the council, type of council (i.e. District/City/Regional), and the population of the area it served. The Authority decided to create a “pool” for each council as a collective, reflecting the size of the actual total governance roles of councils rather than the number of councillors. Furthermore, it decided that the councils themselves should each make recommendations on the allocation of their pool amongst the various positions that councillors undertake on their council. The Authority decided the minimum base salary for the councillor. In the case of Waimakariri, the base councillor remuneration is $37,073.

3.2 In mid-2019 the Remuneration Authority set the remuneration for the Mayor and the Community Board members. The Councillors remuneration is a base rate from a funding pool set by the Authority. The Waimakariri District Council funding pool is $488,448 for Councillors and Deputy Mayor. The incoming Council decide on the distribution of the pool, with the ability to increase remuneration in recognition of additional duties, such as portfolio holder or committee chair responsibilities. The process of Councillor remuneration is then finalised with the Remuneration Authority. It is anticipated that the Deputy Mayor will receive additional remuneration above the Councillor salary.

3.3 The previous Council considered information through several staff briefings, analysing different combinations before recommending the values contained in this report.

3.4 The outgoing Council held a briefing in August 2019 which discussed the new Childcare Allowance available and suggested that the incoming Council consider adopting the Childcare Allowance as available through the Remuneration Determination 2019.

3.5 Remuneration for the Mayor during the previous year was $123,068, and $46,913 was paid for the deputy mayor. All Councillors held portfolios and were paid $42,011 the previous year.

4. **ISSUES AND OPTIONS**

4.1. The previous Council recommended on 3 September 2019, to the incoming Council at the Deputy Mayor receive $58,119 per annum and that the nine councillors all hold portfolios and receive $47,814 per annum each.
4.2. The whole pool must be used each year and a portion of funds cannot be held back for anticipated workload change in later months.

4.3. Following discussions with the previous Council the following allocation of funds is recommended:

- Councillor (holding portfolio) $47,814 x 9 = $430,326
- Deputy Mayor $58,122 x 1 = $58,122
- Total pool $488,448

4.4. In addition to the remuneration elected members are entitled to claim expenses related to childcare, RMA Hearing costs (time), mileage, and receive an internet/phone/consumables allowance. The associated allowances and claimable expenses are set out in the attached Council and Community Board expenses Policy (Trim 191025149183) and are based on the Local Government Members (2019/20) Determination 2019.

The Councillors are provided laptops at the beginning of the electoral term for work purposes. At the end of three years the laptops are financially written off and the councillor may retain the laptop for personal use. The Mayor is provided a mobile phone by the Council, however all other elected members hold personal mobile phones and are entitled to receive an allowance of $150pa which is paid monthly. In addition elected members are paid an allowance of $400pa towards home/personal internet connections.

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile telephone</td>
<td>$150pa (excludes Mayor)</td>
</tr>
<tr>
<td>Printer</td>
<td>$40pa</td>
</tr>
<tr>
<td>Personal computer/tablet/laptop</td>
<td>$200pa (excludes Mayor and Councillors)</td>
</tr>
<tr>
<td>Paper consumables</td>
<td>$120pa</td>
</tr>
</tbody>
</table>

4.5. Where a councillor is formally appointed as a member or chair of a community board, she or he is not automatically entitled to remuneration as a councillor as well as remuneration as a community board member. Following the 2019 election, any such additional remuneration will come from the council’s governance pool.

4.6. The timeframes for the Authority accepting and processing the Council recommendations for Councillor remuneration are as follows:

<table>
<thead>
<tr>
<th>Proposals submitted to Authority (Council)</th>
<th>by 20 November 2019.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration Authority consider councils' proposals</td>
<td>From 13 October to 22 November 2019</td>
</tr>
<tr>
<td>Drafting of first amending determination (Parliamentary Counsel Office)</td>
<td>From 24 November to 11 December 2019</td>
</tr>
<tr>
<td>First amending determination is gazetted (Remuneration Authority)</td>
<td>Thursday 19 December 2019</td>
</tr>
<tr>
<td>Incoming councils formally decide remuneration attached to different roles within allocated pool and forward proposals to Remuneration Authority (round 2) (Council)</td>
<td>Proposals submitted by Friday 24 January 2020 to meet deadline for second amending determination</td>
</tr>
<tr>
<td>Remuneration Authority consider councils' proposals (Remuneration Authority)</td>
<td>From 13 January to 29 January 2020</td>
</tr>
</tbody>
</table>
4.7. The Council will need to wait until the amending determination which contains its new remuneration rates is gazetted by the Authority before it can pay the new remuneration rates for positions of responsibility and the new base councillor rate. However, it is important to note that councillors’ remuneration will be backdated. The new base remuneration rate approved by the Authority for a councillor will take effect from the day after the date on which the official results for the council were declared by public notice and the remuneration for positions of responsibility will take effect from the day following the day that the Council makes a formal decision on those roles.

4.8. The Authority has traditionally accepted proposals in respect of additional remuneration that are unanimously supported by council. Where it receives split recommendations, strong supporting documentation concerning the reasoning behind any change in the recognition of positions should be provided. The Authority will consider proposals for changes as they are received. The process of developing and producing a determination generally takes about three months to complete. In all cases where there is a change, councils need to wait till an amended determination is gazetted by the Authority before they can make the changes to their elected members remuneration. However, all payments are effective on and from the day after the date on which the Council confirmed the position, so will be backdated in the determination. A council cannot generally make a request for an increase in the size of its governance remuneration pool if it appears that it is not sufficient to meet their needs. Under extraordinary circumstances (for example following a major natural disaster) the Authority might agree to an increase.

4.9. The Management Team have reviewed this report and support the recommendations.

5. COMMUNITY VIEWS

5.1. Groups and Organisations
Not applicable.

5.2. Wider Community
Not applicable.

6. IMPLICATIONS AND RISKS

6.1. Financial Implications

6.1.1. Elected member remuneration is funded from the Governance Budget. Elected members are considered by Inland Revenue as contractors and are therefore responsible for their own ACC payments. Remuneration is taxed and is paid directly to the IRD from the Council fortnightly payments, generally at a rate of 33% tax (WT tax code). All allowances are non-taxable.

6.1.2. The Remuneration Authority have set the mayoral remuneration at $137,500 pa from mid-October 2019 to 30 June 2020. The Authority has also set the Community Board remuneration from mid-October to 30 June 2020 being as follows:

- Rangiora-Ashley Community Board Chairperson $22,547 p.a.
- Rangiora-Ashley Community Board Member $11,274 p.a.
- Kaiapoi-Tuahiwi Community Board Chairperson $17,480 p.a.
- Kaiapoi-Tuahiwi Community Board Member $8,740 p.a.
Oxford-Ohoka Community Board Chairperson $16,468 p.a.  
Oxford-Ohoka Community Board Member $8,234 p.a.  
Woodend-Sefton Community Board Chairperson $14,441 p.a.  
Woodend-Sefton Community Board Member $7,221 p.a.

6.1.3. The remuneration of an elected chair of a community board will be twice the remuneration of a community board member. The deputy chair of a community board is remunerated as a board member, reflecting the Authority’s view that the role of deputy chair is not sufficiently different from that of a board member to warrant additional remuneration.

6.1.4. The Remuneration Authority have set a funding pool for Councillors (including deputy mayor) of $488,448. The base councillor rate of $37,073pa is set by the Remuneration Authority.

6.1.5. Councillors will be paid at the base rate of $37,073pa until the Remuneration Authority gazettes and approves the Council recommendation of Councillor and Deputy Mayor remuneration.

6.1.6. Following discussions with the previous Council the following allocation of funds is recommended:

- Councillor (holding portfolio) $47,814 x 9 = $430,326
- Deputy Mayor $58,122 x 1 = $58,122
- Total pool $488,448

6.1.7. The childcare allowance and the Council and Community Board Expenses are separate to the remuneration pool, and sourced from the governance operations budget.

6.2. Community Implication

Not applicable.

6.3. Risk Management

6.3.1. If the Council’s suggested remuneration is considered unfair to parties by either the Remuneration Authority or the Chief Executive of the local authority, then the Remuneration Authority could determine the final remuneration for Councillors and Deputy Mayor.

6.3.2. Although most councils are unlikely to change their positions of responsibility during a triennium, the Remuneration Authority will consider proposals made to it by councils requesting new arrangements and will either issue an amending determination or consult further with these councils. All proposals must be submitted to the Authority regardless of the additional level of remuneration proposed. The Authority expects councils to consider their full work programme for the triennium when making proposals.

6.3.3. A council cannot exceed its allocated governance remuneration pool and the pool is required to be fully distributed. The pool covers a base councillors’ remuneration, positions of additional responsibility and additional remuneration paid to community board members who have been delegated significant levels of responsibility.

6.3.4. If a council proposes to establish a new position, it will need to review its allocation of its governance remuneration pool. Because the pool will already be fully allocated, the new position, if it is not replacing an existing position, will require a reallocation of the remuneration paid to other positions that were previously approved by the Authority.
6.3.5. If a council proposes to disestablish a position of responsibility, the council will need to review its allocation of its governance remuneration pool. As the pool is required to be fully allocated, the released amount available from the disestablished position will need to be reallocated amongst the other existing positions covered by the pool. In both cases (establishing and disestablishing a position) the councils will need to seek the Authority’s approval to make the changes.

6.3.6. The next Representation Review will occur prior to the 2022 local body election and any changes implemented for the October 2022 local body election. Changes in councillor numbers following a representation review will not affect the council’s governance remuneration pool. However, it will have an impact on councillors’ minimum allowable remuneration and consequently it will impact the remuneration rate set for a base councillor and for positions of responsibility. The reduction in councillor numbers will see an increase in the funds available from within the governance pool to allocate to the base councillor position and positions of responsibility. Conversely more councillors would mean that the available governance pool would need to be spread among more people.

6.4. **Health and Safety**

Not applicable.

7. **CONTEXT**

7.1. **Policy**

This matter is not a matter of significance in terms of the Council’s Significance and Engagement Policy.

7.2. **Legislation**


Local Government Act 2002 (clause 6, Schedule 7)

Remuneration Authority Act 1977

7.3. **Community Outcomes**

There are wide ranging opportunities for people to contribute to the decision-making by local, regional and national organisations that affects our District.

7.4. **Delegations**

The Council recommend to the Remuneration Authority for final approval.

Sarah Nichols
GOVERNANCE MANAGER
COUNCIL AND COMMUNITY BOARD EXPENSES  
(from 18 October 2019 to 30 June 2020)

1. Introduction

The Local Government Act 2002 has given the Remuneration Authority the responsibility for setting remuneration, approving expense rules and setting the mileage allowance for elected members.

2. Policy Context

2.1 Policy Principles

This policy covers the entitlement of elected members to allowances and contributions towards expenses related to travel, mileage, communication, childcare, and travel, conference and training attendance and professional development.

Elected members should be reimbursed for actual and reasonable expenses they incur in carrying out their official duties.

Reimbursement of expenses apply only to elected members personally and only while they are acting in their official capacity as elected members.

Elected members’ expense expenditure must have a justifiable business purpose, is moderate and conservative having regard to the circumstances, is made transparently and is appropriate in all respects.

2.2 Legislative Context

Local Government Members (2019/20)(Local Authorities) Determination 2019

3. Policy Objective

To establish guidelines on claiming of expenses by elected members.

This policy is based on the principles that all expenditure is:
- Actual and reasonable.
- Related to conduct of local authority business.
- Represents the best use of ratepayer funds.

All entitlements are considered to be a contribution to expenses Elected Members may incur in the course of conducting local authority business.

4. Implementation
POLICY

COUNCIL AND COMMUNITY BOARD EXPENSES
(from 18 October 2019 to 30 June 2020)

All expense claims must be submitted on the relevant claim form and where appropriate accompanied by full receipts. Eligibility of claims presented without receipts will be Determined by the Governance Manger.
All expense claims are to be returned at least quarterly.
Expense claims by the Mayor are to be approved by the Chair of Audit & Risk Committee and Chief Executive.
Secretary unless referenced otherwise.
Expense claims by Deputy Mayor, Councillors and Community Board Members are approved by the Governance Manager.
The internal audit work programme will include sampling of expense claims and allowances paid to Elected Members and staff. An external audit work programme may be undertaken as required.

5. Policy Statement

5.1 Remuneration, allowances and hearing fees

(1) A member of a local authority or a board is entitled to—
   (a) the applicable remuneration set out in the Schedule (adjusted in accordance with clause 9 if applicable):
   (b) the applicable allowances payable in accordance with clauses 10 to 13:
   (c) the applicable hearing fees payable in accordance with clause 14.

(2) If a member of a territorial authority is also elected or appointed to a board, the member is entitled only to the remuneration that is payable to the member as a member of the territorial authority.

5.2 Acting mayor or chairperson

(1) This clause applies to a member who acts as a mayor or chairperson during a period when, because of a vacancy or temporary absence, the remuneration or allowances that would usually be paid to the mayor or chairperson are not being paid.

(2) While acting as mayor or chairperson, the member must be paid the remuneration and allowances usually payable to the mayor or chairperson, instead of the member's usual remuneration, allowances, and hearing fees.

5.3 RMA Resource Consent Hearing Costs

Where an elected member (Councillor or Community Board member*) is appointed to an RMA Resource Consent Hearing Panel by the Council, or one of its Standing Committees remuneration and allowances are payable as outlined in the Local
COUNCIL AND COMMUNITY BOARD EXPENSES (from 18 October 2019 to 30 June 2020)

Government Members (2019/2020) (Local Authorities) Determination 2019, Section 7, 8, and 10 (or subsequent Determinations)

- Chairperson of an RMA Resource Consent hearing is entitled to be paid a fee of up to $100 per hour of RMA hearing time.
- Panel member whom is not Chairperson of RMA Resource Consent hearing is entitled to be paid a fee of up to $80 per hour of RMA hearing time.
- For any period of hearing time that is less than one hour, the fee must be apportioned accordingly.
- RMA Resource Consent hearing fees are not payable to mayors or a member who acts as mayor and is paid the mayor’s remuneration and allowances under clause 8(2).

- Any/all elected members whom Waimakariri District Council appoints to a RMA Resource Management hearing must be suitably qualified by holding a current accreditation on behalf of the Ministry for the Environment having successfully completed the “Making Good Decisions” programme.

5.4 Reimbursement of Conference Costs

Where an elected member attends a conference approved by the Council or a Community Board, all actual and reasonable costs associated with the conference or seminar will be met by the Council. This includes meal, accommodation costs and travel costs. The most cost effective means of travel must be used. Claims are to be supported by receipts.

5.5 Accommodation and Meals

Accommodation and meals will be reimbursed based on actual and reasonable costs, as determined by the Mayor. In respect of the Mayor, assessment of actual and reasonable costs shall be determined by the Chair of the Audit and Risk Committee together with the Chief Executive. Where private accommodation is used a claim of $50 per night can be made. Meals will be reimbursed based on actual and reasonable costs. Claims are to be supported by receipts. Alcohol is considered a private expense and is not reimbursed.

5.6 Mayoral Vehicle

The Waimakariri District Council do not supply a motor vehicle for elected members private use.
COUNCIL AND COMMUNITY BOARD EXPENSES  
(from 18 October 2019 to 30 June 2020)

5.7 Vehicle Mileage Allowance

Mileage will be paid in accordance with Remuneration Authority Determination (2019/20)

(1) A local authority may pay to a member a vehicle mileage allowance to reimburse that member for costs incurred in respect of eligible travel.

(2) A member’s travel is eligible for the allowance if—

(a) it occurs on a day when the member is not provided with a motor vehicle by the local authority; and

(b) the member is travelling—

(i) in a private vehicle; and

(ii) on local authority business; and

(iii) by the most direct route that is reasonable in the circumstances.

(3) The allowance payable to a member for eligible travel is,—

(a) for a petrol or diesel vehicle,—

(i) 79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

(ii) 30 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term:

(b) for a petrol hybrid vehicle,—

(i) 79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

(ii) 19 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term:

(c) for an electric vehicle,—

(i) 79 cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

(ii) 9 cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.

In the case of an elected member living outside the Waimakariri District, the mileage allowance will be payable only from their point of entry at the Waimakariri District boundary.

Transport costs other than mileage will be paid for on an actual and reasonable basis.

The Governance Manager will be responsible for monitoring mileage claims and agreeing with the elected member the most direct route reasonable in the circumstances.
COUNCIL AND COMMUNITY BOARD EXPENSES  
(from 18 October 2019 to 30 June 2020)

5.8 Travel Time Allowance

(1) A local authority may pay a member (other than a mayor or a regional chairperson) an allowance for eligible travel time.

(2) A member’s travel time is eligible for the allowance if it is time spent travelling within New Zealand—
   (a) on local authority business; and
   (b) by the quickest form of transport that is reasonable in the circumstances; and
   (c) by the most direct route that is reasonable in the circumstances.

(3) The travel time allowance is $37.50 for each hour of eligible travel time after the first hour of eligible travel time travelled in a day.

(4) However, if a member of a local authority resides outside the local authority area and travels to the local authority area on local authority business, the member is only eligible for a travel time allowance in respect of eligible travel time—
   (a) after the member crosses the boundary of the local authority area; and
   (b) after the first hour of eligible travel within the local authority area.

(5) The maximum total amount of travel time allowance that a member may be paid for eligible travel in a 24-hour period is 8 hours.

5.9 Computer, Internet and Associated Consumables Expenses (Communications Allowance)

It is determined by the local authority that Mayor and Councillors are provided laptops to enable them to perform their functions. The Mayor is provide a mobile phone by the local authority. All Councillors use their own mobile phones. Community Board members are required to use their own equipment. Waimakariri District Council will pay an allowance in accordance with the Remuneration Authority Determination.

**Equipment**

- Mobile telephone: $150pa (excludes Mayor)
- Printer: $40pa
- Personal computer/tablet/laptop: $200pa (excludes Mayor and Councillors)
- Paper consumables: $120pa

**Services**

- Internet Connection: $400pa
COUNCIL AND COMMUNITY BOARD EXPENSES
(from 18 October 2019 to 30 June 2020)

Equipment
To reimburse for the costs of their phone/printer/computers and related consumables, as follows:

- The Mayor to receive an allowance of $6.15 per fortnight.
- The Councillors to receive an allowance of $11.92 per fortnight.
- Community Board Chairpersons to receive an allowance of $19.61 per fortnight.
- Community Board members to receive $19.61 per fortnight.

In lieu of the Council providing consumables such as paper, a fortnightly payment of $4.62 is claimable by the Mayor, Councillors and Community Board members.

Services
To reimburse for the costs of an Internet connection to their residential address to provide computer access to the Council, as follows:

- The Mayor and Councillors to receive an allowance of $15.38 per fortnight.
- Community Board Chairpersons to receive an allowance of $15.38 per fortnight.
- Community Board members to receive an allowance of $15.38 per fortnight.

5.10 Childcare allowance

(1) A local authority may pay a childcare allowance, in accordance with subclauses (2) and (3), to an eligible member as a contribution towards expenses incurred by the member for childcare provided while the member is engaged on local authority business.

(2) A member is eligible to be paid a childcare allowance in respect of childcare provided for a child only if—

(a) the member is a parent or guardian of the child, or is a person who usually has responsibility for the day-to-day care of the child (other than on a temporary basis); and

(b) the child is aged under 14 years of age; and

(c) the childcare is provided by a person who—

(i) is not a family member of the member; and

(ii) does not ordinarily reside with the member; and
COUNCIL AND COMMUNITY BOARD EXPENSES
(from 18 October 2019 to 30 June 2020)

(d) the member provides evidence satisfactory to the local authority of the amount paid for childcare.

(3) A local authority must not pay childcare allowances to a member that total more than $6,000 per annum, per child.

(4) In this regulation, family member of the member means—

(a) a spouse, civil union partner, or de facto partner:

(b) a relative, that is, another person connected with the member within 2 degrees of a relationship, whether by blood relationship or by adoption.

6. Breaches
An alleged breach of allowance and expense rules is to be considered under the Code of Conduct.

7. Approved by Council 5 November 2019 for receipt by the Remuneration Authority.

8. Review
This policy will be reviewed annually following the release of the Remuneration Authorities Local Government Members Determination. The next review is due June 2020.

This policy is administered by the Governance Manager.
COUNCIL AND COMMUNITY BOARD EXPENSES
(from 18 October 2019 to 30 June 2020)

APPENDIX 1

<table>
<thead>
<tr>
<th>Type of Meeting/Functions</th>
<th>Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council meetings (ordinary, special, extra-ordinary and emergency)</td>
<td>✓</td>
</tr>
<tr>
<td>Committees and Subcommittees of Council (if appointed a member)</td>
<td>✓</td>
</tr>
<tr>
<td>Community Board meetings (if an appointed member)</td>
<td>✓</td>
</tr>
<tr>
<td>Resource Consent Hearings (if an appointed member of the Hearings Panel)</td>
<td>✓</td>
</tr>
<tr>
<td>WDC Advisory Group meetings (if appointed by the Council as its representative) (eg Ohoka Domain Advisory Group)</td>
<td>✓</td>
</tr>
<tr>
<td>Formally representing Council (as a result of resolution of Council) at a formal meeting of another local authority.</td>
<td>✓</td>
</tr>
<tr>
<td>Meetings of other outside organisations as the Council’s appointed representative (appointment pursuant to a Council resolution). (Note that meetings of Council Controlled Organisations and Trusts where Councillors and Community board members are otherwise remunerated do not qualify for payment.)</td>
<td>✓</td>
</tr>
<tr>
<td>Full Council workshops or briefings (which have the prior approval of the Mayor and Chief Executive) at which no resolutions or decisions are made. These workshops are to be held solely to discuss major policy or strategic issues of interest to all Councillors.</td>
<td>✓</td>
</tr>
<tr>
<td>Training and development courses, field trips, site visits, where authorised by the Mayor or formal resolution of Council or Community Board, in excess of four hours.</td>
<td>✓</td>
</tr>
<tr>
<td>Public meetings where the Council is officiating.</td>
<td>✓</td>
</tr>
<tr>
<td>Meetings with other statutory bodies to deal with issues which would be the responsibility of a Committee or Subcommittee of Council of which the Councillor attending is a member or which deal with issues directly affecting the Councillors Ward or Portfolio.</td>
<td>✓</td>
</tr>
</tbody>
</table>
### COUNCIL AND COMMUNITY BOARD EXPENSES
**(from 18 October 2019 to 30 June 2020)**

<table>
<thead>
<tr>
<th>Type of Meeting/Functions</th>
<th>Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Conferences/Seminars (if an appointed WDC representative)</strong></td>
<td>✓</td>
</tr>
<tr>
<td><em>Note – Local being generally the Canterbury region. Mileage outside the region at the discretion of the Mayor.</em></td>
<td></td>
</tr>
<tr>
<td><strong>Working groups or working parties</strong></td>
<td>✓</td>
</tr>
<tr>
<td><strong>Field trips or site visits/inspections (including site visits for resource consent hearings where approved by Mayor or Committee Chairperson)</strong></td>
<td>✓</td>
</tr>
<tr>
<td><strong>Briefings and discussions with the Mayor, Chief Executive, Senior Managers and Officers</strong></td>
<td>✓</td>
</tr>
<tr>
<td><strong>Where Councillors, other than the Deputy Mayor, officiate at “official” functions as determined by the Mayor.</strong></td>
<td>✓</td>
</tr>
<tr>
<td><strong>Constituency “meetings” (either with individuals or organisations) unless there is formal approval requiring official attendance</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>Social functions</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>Event attendance in a non-representative capacity</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>Travel not related to the business of the Waimakariri District Council</strong></td>
<td>X</td>
</tr>
<tr>
<td><strong>Personal travel interspersed with Council related business</strong></td>
<td>X</td>
</tr>
</tbody>
</table>
1. SUMMARY

1.1 This report seeks the membership and terms of reference for the Land and Water Committee, which was confirmed as a new Committee of the Council the 25 October 2019 Council meeting.

1.2 Attachments:
   i. Delegations for Land and Water Committee (S-TR 0117). Trim 190305026331

2. RECOMMENDATION

THAT the Council:

(a) Receives report No. 191024148460.

(b) Notes that the Land and Water Committee was approved in principle at the 25 October 2019 Council meeting.

(c) Notes the Land and Water Committee membership as resolved 25 October 2019 consists of Councillors Stewart as Committee Chair for the term, and Councillors Atkinson, Barnett, Blackie, Mealings and Williams.

(d) Adopts the following Land and Water Committee meeting schedule for the period to 31 December 2020 commencing at 9.30am on Thursdays (2nd Thursday of the month) being: 12 December 2019, 13 February 2020, 9 April 2020, 11 June 2020, 13 August 2020, 8 October and 10 December 2020.

(e) Notes the Terms of Reference/Delegations of the Land and Water Committee be reviewed in April 2020.

(f) Notes all appointments cease at the end of the 2019-22 Local Body Triennial term, being 8 October 2022, unless specifically altered by the Council.

(g) Circulates this report to Community Boards and the Waimakariri Water Zone Committee.
3. **BACKGROUND**

3.1. In July 2019, a Land and Water Working Group, with members from the Management Team and Councillors, was established by Council. The primary driver for creation of this working group was governance of the WDC Zone Implementation Programme Addendum work programme, among other environmental projects.

3.2. In October 2019, discussions between the Mayor and Chief Executive recommend that the previously known Land and Water Advisory Group become a Committee in its own right. This was adopted in principle at the Council meeting of 25 October 2019, with membership, timetabling and delegations to be confirmed at the November 2019 Council meeting.

4. **ISSUES AND OPTIONS**

4.1. A Land and Water Committee is proposed because environmental projects sit across multiple Council departments and existing committees. This structure also aims to establish a clearer relationship and line of communication with external relationships, such as with Environment Canterbury.

4.2. It is recommended that the delegations to the Land and Water Committee be reviewed in six months time (April 2020), to enable reflection on any potential change to the Kaiapoi River Rehabilitation Working Party and Cam River Enhancement Fund Working Group who are considering disestablishment.

4.3. The delegations review will also enable reflection on any outside, independent membership considerations.

4.4. The Management Team have reviewed this report and support the recommendations.

5. **COMMUNITY VIEWS**

5.1. **Groups and Organisations**  
Not sought.

5.2. **Wider Community**  
Not sought.

6. **IMPLICATIONS AND RISKS**

6.1. **Financial Implications**  
Servicing of Council Committees are met within existing operational budgets.

6.2. **Community Implication**  
The most appropriate way for giving notice of meetings is to establish a schedule. All Committees are publicly advertised in compliance with LGOMIA and on the Council website. The meetings are open to the public unless circumstances under LGOMIA are applicable.

6.3. **Risk Management**  
Not applicable.
6.4. **Health and Safety**

Not applicable.

7. **CONTEXT**

7.1. **Policy**

This matter is not a matter of significance in terms of the Council's Significance and Engagement Policy.

7.2. **Legislation**

The Local Government Act 2002 Schedule 7, clause 19 – A local authority must hold the meetings that are necessary for the good government of its region or district. Meetings must be called and conducted in accordance with Local Government Official Information and Meetings Act 1987 (LGOIMA) and the Standing Orders of the local authority.

7.3. **Community Outcomes**

7.3.1 There are wide ranging opportunities for people to contribute to the decision making that effects our District

Opportunities for collaboration and partnerships are actively pursued.

7.3.2 There is a safe environment for all.

7.3.3 There is a healthy and sustainable environment for all.

7.4. **Delegations**

The Council holds delegation for the creation of Committees. The Land and Water Committee decisions are subject to Council consideration.
1. **PURPOSE**
The purpose of the Land and Water Committee is to provide project oversight and recommendations to the Waimakariri District Council (WDC) on work streams with an environmental theme, such as for the Waimakariri Water Zone - Zone Implementation Programme Addendum (ZIPA) and District Plan biodiversity functions.

2. **MEMBERSHIP**
- Councillor with the Canterbury Water Management Strategy portfolio – to be Chairperson.
- Five additional councillors
- Mayor as ex officio

3. **ROLE**
The members of the Land and Water Committee will engage in a positive and collaborative manner to enable the efficient and effective implementation of WDC work programmes with an environmental theme. This includes (but is not limited to) the following roles:
- Govern delegated environmental work programmes;
- Make recommendations to Council or Council Committees, and oversee the implementation of Board, Council or Council Committee decisions;
- Lead and support community engagement;
- Give strategic level recommendations and guidance, for Council decision-making;
- Make recommendations to Council regarding the division of the overall budget for specific projects;
- Recommend approval of any changes to the environmental work programme;
- Review and monitor overall progress, including budget tracking;
- Provide a regular project overview to the Council, or relevant Council Committee, and reporting on milestones, programme, budget, issues, risk, and health and safety;
TERMS OF REFERENCE

LAND AND WATER COMMITTEE

- Provide recommendations on key documents where necessary, including but not limited reports or briefings to Council, Council Committees or Community Boards and the Waimakariri Zone Committee;

- Participate in planning workshops.

Members have a key role to ensure the effective flow of information between external organisations and the Land and Water Committee.

4. MEETING FREQUENCY

The Land and Water Committee shall meet every second month on the second Thursday of each month. Meetings will be public, as prescribed by the Local Government Official Information and Meeting Act (1987).

A quorum is considered to be 50 percent of members. ie three Councillors.

5. ADMINISTRATION

- The agenda and minutes for Land and Water Committee meetings will be prepared by the Governance team.

- The Committee will be supported by the Manager of Utilities and Roading and Manager of Community and Recreation.

Notes this Terms of Reference will be reviewed by the Council in April 2020.
1. SUMMARY

1.1 The purpose of this report is to make appointments to outside committees other than those already appointed at the meeting of 25 October 2016, and also to advisory groups and outside organisations and delegate some appointments to the Community Boards.

2. RECOMMENDATION

THAT the Council:

(a) Receives report No. 191023148151.

(b) Notes Mayor Gordon is ex-officio to all Committee and sub-committees of the Council.

(c) Notes all appointments cease at the end of the 2019 - 2022 Local Body Triennial term, being 8 October 2022, unless appointed to a Council Controlled Organisation (CCO) or specifically altered by the Council.

(d) Appoints Mayor Gordon and Councillors Barnett and Mealings as Council’s representatives on the Waimakariri Youth Council.

(e) Appoints Councillor Atkinson as Council’s representative on the Waimakariri Passchendaele Advisory Group.

(f) Appoints Councillor Atkinson as Council’s representative on the Enshi Sister City Advisory Group.

(g) Appoints Mayor Gordon as the Council’s representative on the Canterbury Regional Council – Regional Land Transport Committee (RLTC).

(h) Appoints Mayor Gordon as the Council’s representative on the Canterbury Regional Council – Passenger Transport Advisory Group.

(i) Appoints Councillors Doody and Williams as the Council’s representatives on the Waimakariri Road Safety Co-ordinating Committee.

(j) Appoints Mr David Ayers to the Canterbury Museum Trust Board to 30 November 2022, subject to confirmation by the Hurunui District Council.
(k) Appoints Councillor Ward to the Canterbury Museum Trust Board Standing Committee.

(l) Approves the appointment of Hurunui Mayor Black to the Canterbury Water Management Strategy Regional Committee, subject to the agreement of the Hurunui and Kaikoura District Councils.

(m) Appoints Mayor Gordon as the Council’s representative on the Waitaha Primary Health Organisation.

(n) Appoints Mr Martin Pinkham as the Council’s representative on the Wellbeing North Canterbury Trust.

(o) Appoints Councillor Ward as the Council’s representative on the Waimakariri Access Group.

(p) Appoints Councillor Redmond to the Creative Communities NZ Assessment Committee.

(q) Appoints Councillor Blackie as the Council’s representative on the Waimakariri Community Arts Council.

(r) Appoints Councillor Blackie as the Council’s representative on the Waimakariri Art Collection Trust.

(s) Appoints Councillors Redmond and Doody as the Council’s representative on the North Canterbury Sport and Recreation Trust.

(t) Appoints Councillor Blackie as Chair to the Northern Pegasus Bay Advisory Group.

(u) Appoints Councillor Atkinson to the Waimakariri Safe Community Governance Group.

(v) Appoints Councillor Barnett to the Social Services Waimakariri Advisory Group

(w) Appoints Councillor Redmond to the Waimakariri Health Advisory Group.

(x) Appoints Councillor Doody to the Waimakariri Age Friendly Steering Group.

(y) Appoints Councillor Ward as the Council’s representative on the Rangiora Promotions Management Board.

(z) Appoints Councillor Doody as the Council’s representative on the Oxford Promotions Action Committee, noting Oxford-Ohoka Community Board will also appoint a member to the Oxford Promotions Action Committee.

(aa) Appoints Councillor Doody as the Council’s representative on the North Canterbury Museums’ Group.

(bb) Appoints Councillor Ward and Williams as the Council’s representative on the Rangiora Airfield Advisory Group.

(cc) Appoints Councillor Brine and authorises the Rangiora-Ashley Community Board to appoint a member as the Council’s representatives on the Southbrook Sports Club.

(dd) Appoints Councillor Doody to the Mandeville Sports Club Committee.

(ee) Appoints Councillor Blackie to the Te Kohaka O Tuhaitara Trust from 1 December 2019.

(ff) Appoints Councillor Redmond as the Council’s representative on the Canterbury Regional Council – Biosecurity Advisory Group (Northern).
Appoints Councillor Blackie to the Canterbury Regional Council – Waimakariri/Eyre/Cust River Rating Committee.

Appoints Councillor Blackie to the Canterbury Regional Council – Ashley River Rating Committee.

Authorises the Woodend-Sefton Community Board to appoint a member as the Council’s representative on the Canterbury Regional Council – Sefton/Ashley and Sefton River Rating District Committees.

Notes that the appointment of a member as the Council’s representative on the Hurunui District Council – Ashley Rural Water Scheme Management Committee will be made at a later date by the Woodend-Sefton and Rangiora-Ashley Community Boards.

Appoints Councillor Blackie as the Council’s representative on the Clarkville Rural Drainage Advisory Group, noting Kaiapoi-Tuahiwi Community Board will also appoint a member to the Clarkville Rural Drainage Advisory Group.

Appoints Councillor Blackie as the Council’s representative on the Coastal Rural Drainage Advisory Group, noting Kaiapoi-Tuahiwi and Woodend-Sefton Community Boards to also appoint members to the Coastal Rural Drainage Advisory Group.

Appoints Councillor Ward as the Council’s representative on the Central Rural Drainage Advisory Group, noting Kaiapoi-Tuahiwi and Rangiora-Ashley Community Boards will also appoint members to the Central Rural Drainage Advisory Group.

Appoints Councillor Mealings as the Council’s representative on the Ohoka Rural Drainage Advisory Group, noting Oxford-Ohoka Community Board will also appoint a member to the Ohoka Rural Drainage Advisory Group.

Appoints Councillor Doody as the Council’s representative on the Oxford Rural Drainage Advisory Group, noting Oxford-Ohoka Community Board will also appoint a member to the Oxford Rural Drainage Advisory Group.

Appoints Councillor Stewart as the Council’s representative on the Waimakariri Water Race Advisory Group.

Appoints Councillors Williams and Mealings as the Council’s representatives on the West Eyreton, Summerhill and Poyntzs Road Rural Water Supply Advisory Group. (refer para 4.4 for an explanation to name change)

Appoints Councillors Williams and Barnett as the Council’s representatives on the Garrymere Water Supply Advisory Group.

Appoints Councillors Redmond, Ward and Williams to the Town Centres Festive Lights Working Party.

Authorises the Oxford-Ohoka Community Board to appoint representatives or liaison people to the following groups:

Authorises: The Kaiapoi-Tuahiwi Community Board to appoint representatives or liaison people to the following groups:


Authorises: The Rangiora-Ashley Community Board to appoint representatives or liaison people to the following groups:


Authorises the Woodend-Sefton Community Board to appoint representatives or liaison people to the following groups:


3. BACKGROUND

3.1 In respect to committees and advisory groups the Council may appoint a person who is not a member of the local authority if, in the opinion of the Council, that person has the skills, attributes, or knowledge that will assist the work of a committee or advisory group.

3.2 The Te Kohaka O Tuhaitara Trust has three trustees appointed by the Council. They are currently Neville Atkinson who remains a Trustee until 30 November 2019, Catherine McMillan and Andrea Rigby whose terms expire 31 May 2021 and 31 October 2021 respectively. A future report will come before the Council nearer the time of the ending of the Trustees term in 2021.
4. **ISSUES AND OPTIONS**

4.1. The Council has been represented on the Canterbury Museum Trust Board by former Mayor, David Ayers. The Museum Trust Board have advised a desire for Mr Ayers to continue in this role due to his extensive knowledge and being past deputy chair. Mr Ayers has been approached by Mayor Gordon to seek his ongoing involvement on behalf of the Waimakariri District Council, with a positive response from Mr Ayers.

4.2. In July 2019 the Council appointed to the Canterbury Museum Trust Board newly established Standing Committee for the purposes of discussing how a $3.7m funding shortfall could be achieved prior to the Museum’s 2020/21 draft Annual Plan. This position was held by the Finance Portfolio holder. The Manager Finance and Business Support is also appointed by the Council to the Museum Standing Committee. This is an appointment independent of the other contributing authorities, the Christchurch City Council, Hurunui District Council and Selwyn District Council.

4.3. Hurunui and Kaikoura District Councils feedback and agreement is required for several appointments on behalf of the Waimakariri District Council. This arrangement continues the sharing of regional appointments with the associated districts.

4.4. There are several appointments whereby the feedback and agreement of Environment Canterbury is required as part of the shared regional responsibilities.

4.5. The Canterbury Regional Council – Biosecurity Advisory Group (Northern) was previously the Ashley Pest Management Liaison Committee, but Ecan have changed the structure of these committees. There is a possibly that a letter will come from Ecan seeking a representative covering more than just our area, being Hurunui and Kaikoura District Councils.

4.6. In the previous term there were discussions with both the West Eyreton and Summerhill Advisory Groups and the Poyntzs Road Advisory Group about combining the Advisory Groups to cover all three areas. The outcome of those discussions was that all three groups agreed to combine together to form the West Eyreton-Summerhill-Poyntzs Road Water Supply Advisory Group, hence the recommendation (qq).

4.7. During 2018-19 the Town Centres of Rangiora and Kaiapoi undertook a festive and Christmas light enhancement project. Oxford was also involved on a smaller scale. This project is ongoing and a Town Centres Festive Lights Working Party, which also involves a Community Board representative from both Kaiapoi-Tuahiwi and Rangiora Ashley is required, as per recommendation (ss).

4.8. The Council has previously been represented by Mr Martin Pinkham on the Wellbeing North Canterbury Trust. The Trust recently advised the Mayor of their desire for Mr Pinkham to continue being the Council representative due to his knowledge and contribution to the Trust, hence the recommendation (o).

4.9. In the previous term the Mandeville Sports Club was represented on the Committee by Councillor Doody, and recommendation (dd) is supported by the club for this association to continue.

4.10. The Management Team have reviewed this report and support the recommendations.
5. COMMUNITY VIEWS

5.1. Groups and Organisations
Many community groups have a long association with the Council and Community Boards with information being reviewed to ensure appropriate ongoing relationships.

5.2. Wider Community
As above.

6. IMPLICATIONS AND RISKS

6.1. Financial Implications
Not applicable.

6.2. Community Implication
The Council can appoint either an elected member or another person, or delegate to a community board.

6.3. Risk Management
In respect to committees and advisory groups the Council may appoint a person who is not a member of the local authority if, in the opinion of the Council, that person has the skills, attributes, or knowledge that will assist the work of a committee or advisory group.

6.4. Health and Safety
Not applicable.

7. CONTEXT

7.1. Policy
This matter is not a matter of significance in terms of the Council’s Significance and Engagement Policy.

Legislation

7.2. Community Outcomes
There are wide ranging opportunities for people to contribute to the decision-making by public organisations that affects our District.

7.3. Delegations
The Council holds full delegation for appointments to outside groups, organisations and advisory groups.

Dan Gordon
MAYOR
1. SUMMARY

1.1 The purpose of this report is to seek from Council, appointments to Hearing Panels for the review of the Parking Bylaw 2007 and Signage Bylaw 2012; and for the Property Maintenance and Nuisance Control Bylaw 2019.

1.2 Due to the Council elections in October, appointment of the Hearing Panels could not be set for the hearing of submissions on the bylaws.

1.3 Hearings for the Parking Bylaw are proposed for Wednesday 13 November. Hearings for the Property Maintenance and Nuisance Control Bylaw are proposed for Monday 25 November. Hearings for the Signage Bylaw are proposed for Thursday 5 December.

1.4 Bylaw submissions received: Parking (six, one to be heard); Nuisance (thirty (30), five to be heard) and Signage (six, four to be heard).

2. RECOMMENDATION

THAT the Council:

a) **Receives** this report No 191023147838

b) **Notes** that the Council’s Hearing Panel will hear submissions on the proposals and recommend decisions to the Council.

c) **Recommends** that Councillors ________, ________ and ________ be appointed to the Hearing Panel for hearings and deliberations for the Parking Bylaw.

d) **Recommends** that Councillors ________, ________ and ________ be appointed to the Hearing Panel for hearings and deliberations for the Signage Bylaw.

e) **Recommends** that Councillors ________, ________ and ________ be appointed to the Hearing Panel for hearings and deliberations for the Property Maintenance and Nuisance Control Bylaw.
3. **BACKGROUND**

3.1 The process to review the three bylaws was initiated at the meeting of the District Plan and Regulation Committee on 20 August 2019.

3.2 A special consultative procedure on the proposed changes to the Parking and Signage bylaws was run from 30 August until 30 September. A special consultative procedure on the proposed changes to Property Maintenance and Nuisance Control bylaw was run from 20 September until 21 October.

4. **ISSUES AND OPTIONS**

4.1 The Management Team have reviewed this report and support the recommendations.

5. **COMMUNITY VIEWS**

5.1 **Groups and Organisations**

Community and organisational views have been expressed via the consultation processes.

5.2 **Wider Community**

Wider community views have been expressed via the consultation processes.

6. **IMPLICATIONS AND RISKS**

6.1 **Financial Implications** – not applicable in this report.

6.2 **Community Implications** – not applicable in this report.

6.3 **Risk Management** – not applicable in this report.

6.4 **Health and Safety** – not applicable in this report.

7. **CONTEXT**

7.1 **Policy**

This matter is not a matter of significance in terms of the Council’s Significance and Engagement Policy.

7.2 **Legislation**

*Local Government Act 2002 Section 156*

7.3 **Community Outcomes**

There is a safe environment for all - Harm to people from natural and man-made hazards is minimised.

7.4 **Delegations**

The Committee has the jurisdiction to administer bylaws within the Committee’s fields of activity and to recommend to the Council any amendments. The full Council must adopt the final bylaws following hearings.
1. SUMMARY

1.1 The Local Governance Excellence Programme CouncilMARK™ is an independent assessment designed to improve the public's knowledge of the work councils are doing in their communities and to support individual councils to further improve the service and value they provide.

1.2 The Waimakariri District Council is a participant in the programme, with its first assessment taking place in March 2017. From that assessment a number of ‘recommended areas for improvement’ were suggested. An update on progress with those recommendations was made to the Council in July 2019.

1.3 The Council has recently been contacted as the second round of CouncilMARK™ assessments are due to take place in 2020 and we have been offered March 2020. At this stage we have offered up our preferred dates, to undertake the assessment, of 17/18 March or 24/25 March. We are currently awaiting confirmation on which set of dates has been accepted contingent on the availability of assessors.

1.4 Before we proceed further the new Council needs to decide if it wishes to conform its participation in a second assessment in March 2020.

Attachments:
i. CouncilMARK™ Assessment Report March 2017 (181030126654)

2. RECOMMENDATION

THAT the Council:

(a) Receives report No. 191017145158.

(b) Agrees to be a participant in the second round CouncilMARK™ assessment scheduled to take place in March 2020.

3. BACKGROUND

3.1 The CouncilMARK™ programme incorporates an independent assessment system that assesses how councils are performing and the work they're undertaking to grow the value
they deliver. Councils receive an overall performance rating from an Independent Assessment Board and commentary on their performance.

3.2 The CouncilMARK™ programme is best described as a measure of performance assessment and continuous improvement that assists councils to deliver top service and value to their communities.

3.3 The four programme priorities cover:
   - Governance, leadership and strategy.
   - Financial decision making and transparency
   - Service delivery and asset management.
   - Communicating and engaging with the public and business.

3.4 The provision and communication of the performance assessment “rating” is not the end-game, rather the focus is on a long-term lift in council and sector outcomes, performance and reputation.

3.5 The CouncilMARK™ programme incorporates a set of performance measurement principles, an over-arching performance framework and a set of underlying performance indicators that will guide the team of independent assessors.

3.6 The four priority areas were derived from public and business feedback from the New Zealand Local Government Survey 2015.

3.7 The CouncilMARK™ local government excellence programme is a system designed to demonstrate and improve the value and services of councils by measuring indicators across four priority areas. Participating councils are assessed by independent experts every three years and given an overall rating from triple AAA to C.
4. **ISSUES AND OPTIONS**

4.1 From the March 2017 assessment we received an AA rating in the Assessment Report received in October 2017 – Strong grades in most priority areas. Our overall performance for each of the four programme priorities were marked as:

- Leading Locally: **Stand out**
- Investing money well: **Performing well**
- Delivering what’s important: **Better than competent**
- Listening and responding: **Performing well**

4.2 To date 31 Councils have signed up for the programme with one other Council also achieving the AA rating - Greater Wellington Regional Council. All other participants fall into an A rating, B-BBB, and 1 CCC.

4.3 Since receiving the report, that included 21 identified areas for improvement, staff have been progressing, over the last 18 months, a range of improvement initiatives. It is intended that all recommended areas for improvement be completed by the time of the second assessment. Many of these remain ongoing and overall this approach is a useful focus for continuous improvement.

4.4 As indicated above LGNZ have sought expression of interest in completing a second three yearly assessment in March 2020. Considerable preparation is required in a planned way for the assessment; that engages with elected members, external stakeholders as well as staff across the organisation.

4.5 The proposed timing is after the preparation of the Draft Annual Plan and before disruption associated with the building renovation project. It would allow, on the Tuesday 17th or 24th as Day 1, Assessors to observe elected member meetings and on Day 2 (either 18th or 25th March) allow follow-up with that and external stakeholders on the Wednesday.

4.6 The Management Team have reviewed this report and support the recommendations.

5 **COMMUNITY VIEWS**

5.1 **Groups and Organisations**

The views of external stakeholders on the Council’s performance are part of the assessment.

5.2 **Wider Community**

It is expected that the first results from the 2019 Customer Satisfaction Survey will be available by mid-March 2020.

6 **IMPLICATIONS AND RISKS**

6.1 **Financial Implications**

The cost for the second CouncilMARK™ assessment will be $18,500+GST plus assessor disbursements. This is similar to that of the first assessment and can be funded from within existing approved budget.

As part of the ongoing support for continuous improvement, it now includes an onsite debrief workshop with the lead assessor to ensure council has the opportunity to understand and utilise the report in its continuous improvement planning.
6.2 Community Implications

The assessment findings are useful in focusing Council’s improvement efforts with positive community benefits arising. Assessment results that reflect well on performance can assist in community confidence in their Council.

6.3 Risk Management

No specific risk issues have been identified. A downgrading could however, be seen as a reputation risk, but so too could an upgrading have a beneficial outcome in this respect.

6.4 Health and Safety

No specific implications.

7 CONTEXT

7.1 Policy

This matter is not a matter of significance in terms of the Council’s Significance and Engagement Policy.

7.2 Legislation


7.3 Community Outcomes

To varying degrees all of the Councils strategic objectives (Community Outcomes) are relevant to this exercise.

7.4 Delegations

This is a matter for the Council to decide.
An independent assessment report issued by the Independent Assessment Board for the CouncilMARK™ local government excellence programme. For more information visit www.councilmark.co.nz

*Period of assessment March 2017

A measure for better community value.
Assessment Summary

The Waimakariri district is expecting continued rapid growth yet retains its rural/small town character.

The current situation

Waimakariri District Council is a medium-sized, high-growth council emerging from the rebuild that has followed the Canterbury earthquakes. In addition, approximately 10,000 people have moved into the district since the earthquakes, with a further 8,000 forecast to move there over the next seven years. As a result, some substantial issues have emerged.

Competition over resources and priorities for development has built up between Rangiora, Kaiapoi and Woodend. Notwithstanding the significant capital investment which has occurred post-earthquakes, particularly in infrastructure, there continues to be strong demand for further investment in local facilities. Transport solutions are needed to ensure the district remains a viable commuter suburb, with 42 per cent of the workforce now commuting to Christchurch.

Period of assessment

The assessment was conducted on 13 and 14 March 2017.
Key learnings

The Council needs to be responsive to the pace and timing of change expected by its community relative to its own plans. It will need to complement its good face-to-face service ethic by being more digitally engaged with its community and by providing the technology infrastructure necessary to support increased online communication and services.

> With the on-going volume of work and public expectation, the Council will need to continue to refine and improve its processes for prioritising, managing and reporting projects across the entire organisation.
> The good work undertaken in re-establishing the Council’s infrastructure network can be used in detailed strategic planning to deal with the potentially large impact of increased regulatory requirements as well as community and Māori/Iwi expectations in relation to the environmental issues posed by drinking water, stormwater and wastewater management.
> Having experienced rapid growth, the Council will need to ensure it benefits from the current district development strategy process to deliver a clear vision of the future shape and character of the district.

1 MBIE 2016
2 Stats NZ Census 2013
3 DIA 2013
4 Ministry of Transport 2013/14
Waimakariri District Council has demonstrated leadership and vision for the recovery of its district following the 2010 and 2011 Canterbury earthquakes. This has been achieved through careful financial management and reinvestment in critical infrastructure. The Council recognises it needs to increasingly shift its focus to the future in order to tackle the key issues facing the district.

Findings

- **THERE IS STRONG AND COHESIVE LEADERSHIP ACROSS THE ORGANISATION, PARTICULARLY FROM THE MAYOR AND THE CHIEF EXECUTIVE, THAT HAS RESULTED IN THE COUNCIL EMERGING FROM A POST-EARTHQUAKE RECOVERY PERIOD WITH A STRONG AND UNITED ORGANISATIONAL CULTURE.**

- **ASTUTE FINANCIAL PLANNING AND MANAGEMENT HAS ENSURED SOUND REINVESTMENT IN INFRASTRUCTURE NEEDS OVER THE PAST SIX YEARS, AND THE COUNCIL HAS COMPLEMENTED ITS STRONG INTERNAL FOCUS ON OPERATIONAL DELIVERY WITH GENERALLY HIGH STANDARDS OF COMMUNITY SERVICE AND ENGAGEMENT.**

- **THERE IS STAFF CAPABILITY IN THE MAJORITY OF SERVICE AREAS, BUT ROOM FOR IMPROVEMENT IN THE STRATEGY AND EXECUTION OF ITS REGULATORY SERVICES, AND THERE IS RECOGNITION OF THE NEED TO “CATCH UP” IN THE DELIVERY OF ONLINE SERVICES AND COMMUNICATION.**

Commonly used terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Management Plan</td>
<td>A tactical plan for managing a council’s infrastructure and other assets to deliver an agreed standard of service.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Local and regional roads, pathways and cycleways, drinking water, wastewater and stormwater assets, sports and recreation facilities (parks, sportsgrounds, green spaces etc), community and tourism facilities (playgrounds, public toilets, libraries, museums, galleries and public art etc), town centres, and other facilities.</td>
</tr>
<tr>
<td>Local Government Act 2002</td>
<td>The legislative act that provides a framework and powers for councils to decide which activities they undertake and the manner in which they will undertake them.</td>
</tr>
<tr>
<td>Long Term Plan</td>
<td>The document required under the Local Government Act that sets out a council’s priorities in the medium to long-term.</td>
</tr>
</tbody>
</table>
The Council has presented comprehensive and compelling visions, first for recovery and more recently for the district’s future growth.

The Council’s leadership and management have been highly effective in taking the district from a period of earthquake recovery into a new era of growth and development.

The Council’s financial and infrastructure strategies are comprehensive and well integrated, and are focused on medium to long-term issues.

The Council maintains a strong spirit of partnership in all its engagements with Māori/Iwi and the community.

The Mayor and Chief Executive clearly understand and act in their respective roles and understand they are different.

The Council should provide its community with simpler, more understandable financial information.

The Council needs to obtain greater clarity on how the community sees future affordability issues, especially given the prospects for continuing growth.

Greater capability should be developed in the use of business cases and in project governance and reporting.

The Council’s website and wider digital capability require enhancement.
Leading locally
Governance, leadership and strategy

With its district development strategy, the Council is transitioning effectively to a more expansive long-term vision for the future which tackles all the key issues it faces. The vision is supported by well-aligned and cohesive political and executive leadership.

Priority grading

Stand out

Like other Canterbury territorial authorities, the Council has been strongly focused on earthquake recovery for the past six years, and consequently priorities have been more short- to medium-term rather than long-term.

There are some differences of opinion amongst stakeholders whether the long-term vision for the district should have been more substantively refreshed during the recovery period, but steps are now well-underway within Council to set that vision.

Setting the direction for the community

The Council acknowledges it is nearing the end of the post-earthquake recovery, having spent much of the past six years on repairing critical infrastructure. The community had extensive input into the Council’s vision and strategy in 2009, and it is going through a more fundamental review in advance of the 2018-28 Long Term Plan. The leading document for this review is *Our District, Our Future—Waimakariri 2048*, which sets out the district development strategy.

The Long Term Plan has four key components to its strategic direction, which is focused on earthquake recovery and prudent financial management. While the direction is conservative and fiscally focused, councillors were quick to highlight its underlying community goals. One councillor described the vision as “more of the same”—preserving the “small town” feel and values which have attracted people to the district.

External stakeholders were generally positive about the vision and leadership provided by the Council over the past six years, but they expressed a desire to see more visionary thinking on issues such as developing community facilities and enabling the district to retain its youth. The future vision expressed in *Waimakariri 2048* provides this more expansive view: “The Waimakariri district is a great place to live, visit, work and play in—a self-sufficient, culturally diverse and sustainable place with well-connected and attractive urban and rural living environments... and abundant community facilities and green spaces that excite our people and encourage participation.” It is a comprehensive and well-focused summary of the issues being raised about Waimakariri’s future.

The work priorities within the Long Term Plan and the Annual Plan are strongly linked to the immediate vision of recovery, reinstatement, and careful management of finances to ensure ongoing affordability. The Chief Executive’s performance agreement is well aligned to the direction set by the current Long Term Plan, as are the Māori/Iwi principles which have been developed “to assist in achieving community outcomes and create better understanding for staff and managers across the organisation.”

Creating confident councillors

The Council is particularly thorough in the information it provides to prospective councillors, and it has an extensive induction and training programme for newly elected councillors. In the lead-up to the 2016 local body elections, all candidates were given a very full guide to working within the Council, including role descriptions for the Mayor, the Deputy Mayor, the committee chairs and councillors.

The induction process is extensive, balancing formal presentations from staff with tours of the district that give a practical perspective on the Council’s activities. There is a budget for ongoing training, although the Mayor noted “we under-use the training budget a bit.”

There are no formal self-review processes for councillors. The lack of formality reflects the very effective and constructive working relationships that exist, rather than a disinclination to ensure that there is some process for self-reflection.
Effective working relationships

It was evident from observations during the assessment and from comments by external stakeholders that the Mayor and the Chief Executive have an outstanding working relationship which is illustrative of the positive working relationships within the Council more generally. The Mayor and the Chief Executive have similar working styles and both are recognised for their understated manners and their drive to serve their community. The Mayor’s participation in executive management meetings, although unusual, illustrates the trust and confidence that exists within the Council’s working relationships.

The Chief Executive’s performance plans and annual review process are thorough, and it is evident that councillors hold the Chief Executive in high regard. The review process includes an independent facilitator, which adds objectivity and transparency.

Strengthening risk management

The Audit and Risk Committee has existed for 20 years. It has some powers delegated to it, including the powers to review, monitor and recommend to the Council. It has limited decision-making powers on rates issues and the writing-off of bad debts.

The Code of Conduct was last revised in 2010. Its detail on probity issues such as conflicts of interest and sensitive expenditure is limited. It has minimal explanation of non-monetary interests and little recommended action in relation to these. There is no register of interests, which is a gap that should be addressed.

The Audit and Risk Committee does not have an independent member, and a majority of councillors voted against appointing one in February 2017. The minority view was that independence provided transparency, lent objectivity to decision-making, and provided the public with greater confidence. The majority view was that “we’re elected to make decisions and the public don’t want paid people making decisions for us.” The Mayor acknowledged there are strong arguments either way, and considers that the Council should re-address this issue at the start of each new term.

The Council has extensive health and safety processes and information, including a review schedule of policies and documents, a work plan for the year and an annual survey of staff. While there is good statistical reporting to the staff committee on health and safety, the latest (February 2017) report to the Audit and Risk Committee was light on detail, being primarily a commentary on actions to improve health and safety rather than a report on statistical information or trends.

Managing the organisation

An internally developed staff “climate” survey was conducted each year from 2004 to 2008, and has been conducted every two years since then. It surveys staff views on issues such as remuneration, the quality of performance management and communication. There is good tracking of trends, with many of the issues surveyed showing improvement over the years. There is an annual action plan resulting from the survey, although it is relatively brief in detail. The Council recognises the need to increase the focus on organisational development issues and, subsequent to this review, it has confirmed that the survey is to be conducted annually again. Objective input from independent human resources professionals may assist this process.

Strengths

The Council’s strategy is well focused and has led it effectively through the post-earthquake recovery.

The Council has an expansive post-recovery vision that embraces a strong community focus, while continuing to ensure high standards of financial responsibility.

The Council’s internal values are aligned with its vision.

There is an extensive and interactive induction process for councillors.

The Mayor and the Chief Executive have a highly cohesive working relationship. Both clearly understand and act in their respective roles and understand their roles are different.

The organisation’s culture is healthy and strong.

Areas for improvement

The Council would benefit from additional structure provided for councillors’ professional development.

The Council and its committees should undertake annual formal self-reviews.

Risk reporting could provide more analysis of the trends towards improving the health and safety culture.

The Council should revisit the question of having an independent member on the Audit and Risk Committee.

The Code of Conduct should contain a register of members’ interests, and should have greater clarity and detail on managing conflicts of interest.
Investing money well
Financial decision-making and transparency

The Council has excellent financial management and a long-term strategic perspective on expenditure which has enabled rates increases to be well-managed through the post-earthquake recovery. The cost of future regeneration plans will need continued vigilance, particularly to ensure affordability issues are addressed for those on fixed incomes.

Priority grading
Performing well

<Although the long-term vision for the district has not been substantively changed during the earthquake recovery period, the Council has been taking a long-term view of their financial planning throughout this time.>

The earthquake has necessitated an unprecedented level of financial investment in the district, but it has been done with both the immediate and long-term needs of the community in mind.

Planning and evaluating financial goals
The Council has a strong financial strategy, which reflects the care with which it has managed the district’s finances over the past six years. This strategy looks beyond the 10 years of the Long Term Plan, noting that the following 20 years will continue to be influenced by population growth and the demand for additional infrastructure. The links between financial strategy, infrastructure strategy and overall vision are important in the success of the Council’s planning and delivery.

The strategy clearly identifies the most critical factors that will influence spending over the period of the Long Term Plan: the continuation of the rebuild, the impact of continued growth, investment in community facilities, expenditure on stormwater mitigation and planning for natural disasters. This last factor highlights the care taken by the Council in its financial planning. It recognises that there is a moderately high possibility of further damage from earthquakes and, as a result, its ability to borrow may be restricted. Accordingly, it maintains capacity in its budget to address these possible costs. This is a very conservative, but arguably prudent, approach, and reflects the forward thinking that the Council brings to its strategy.

The finance team acknowledges that rates affordability could become an issue, particularly for the district’s older population. The team has done some initial work on superannuitant incomes relative to rates. However, while the Council makes significant use of targeted rates to allocate costs fairly, it is unclear at this stage whether individuals in all sections of the community will be able to easily afford the projected levels of rates increases.

Assessing the financial data
The finance team is experienced and capable, and it produces a very thorough range of financial information. There is full compliance with statutory reporting requirements, and comprehensive information is provided to the Audit and Risk Committee and to the full Council. There is a robust development contributions policy, which ensures that significant growth costs are met by those who create these costs.

The finance team recognises that its next step is to “add value” to the financial reports by better identifying business costs, and providing real-time reports. Although the budgets are not zero based, a balanced budget has consistently been delivered. The Long Term Plan notes that there will not be a balanced budget from 2017 onwards because of the level of funding required for depreciation.

One area of concern is that financial planning documents and budget processes do not expressly address cost-efficiency or opportunities for savings. The finance team has acknowledged that there is room for improvement, and that they have been “somewhat intuitive” in how they looked at cost-effectiveness,
and noted that “we could do it more smartly.” It was stated that “the pressure around the council table hasn’t been strongly focused on savings. There’s an envelope of what’s palatable and we spend within it.” While the financial results produced do not suggest poor spending, the budgets would benefit from being zero based or from having cost-efficiencies identified as part of the development and finalisation of budgets.

Addressing financial risk

Risks are documented in the risk register provided to the Audit and Risk Committee, and Council reports provide information on risk issues as a matter of course. A Treasury policy outlines the Council’s appetite for risk in relation to its financial activities. The risk register is relatively thorough, with risks categorised and scored. But the presentation of the risks could be improved. It is not clear what specific control measures have been taken for adjusting the risk scores, and the detail provided on a given risk and its controls are relatively generic. For example, “political” risk has “Code of Conduct” as a mitigation action, but there is no detail on what this achieves or whether it is reviewed for effectiveness.

Meeting financial targets

Given the scale of costs incurred from the earthquake, the Council is in a very sound financial position. While debt levels are relatively high, and growing, they are off-set by the district’s growth and its relatively low levels of deprivation. The Council has an AA credit rating and is well within benchmarked limits in terms of servicing its interest costs. Its ratio of debt to total assets, as well as its debt control, is also within benchmarked limits. The Council’s membership of the Local Government Funding Authority ensures it obtains the most competitive interest rates. It maintains healthy surpluses, which will fund future renewals. Its level of capital expenditure on essential services, which is 176 per cent of its depreciation costs, is significantly above the required benchmark of 100 per cent.

Being clear and transparent

The Council is transparent in the sense that it provides all the financial information it is required to provide. But some of that transparency is lost in the way the information is presented. For example, the explanation of the Council’s targeted rating system runs to 14 pages of text and tables that are not likely to be read by many people in the community. While this detail and volume is required for legislative purposes, the essential information could be explained much more succinctly.

The summary version of the Annual Report presents key financial information in a table with no explanation of the terms used. The variances between budget and actual also have a minimal level of detail. Accessibility of the financial information could be improved by following the example set by the councils that provide their communities with brief summaries and make greater use of charts, graphics and non-technical language.

Strengths

Despite six years of significant earthquake-recovery costs, the Council is in a strong financial position.

The Council’s financial strategy is comprehensive, well explained, and very long term. It balances community wishes against fiscal responsibility, and is well integrated into the infrastructure strategy.

The Council’s financial management team is very capable.

Financial reporting is comprehensive.

Areas for improvement

The Council needs to have a clearer picture of whether rates affordability will become an issue for some groups in the community, for example people on fixed incomes (pensions).

The Council should develop a risk policy, with the risk appetites in relevant areas clearly stated beyond that provided in the Treasury policy.

There needs to be clearer and more specific risk reporting, and a focus on strategic risks being reported to the Audit and Risk Committee, especially without an independent chair.

The Council would benefit from explicitly identified cost-efficiencies in budgets and financial reports.

Financial information should be made more accessible to the community through simpler presentation and explanations.
Delivering what’s important
Service delivery and asset management

The Council is managing its infrastructure assets well, and is unifying its financial management and asset management systems. Its community services are well delivered, with an eye to greater cost-efficiency and community involvement. However, the performance of its regulatory functions is variable.

Priority grading
Better than competent

< The Council performs very well in several aspects of asset management, and has good knowledge of its assets and their condition. The Council is aware its asset knowledge could improve, and data mobility would assist in this. Asset management is integrated with financial management, although maintenance schedules are still spreadsheet based. >

Since the earthquakes, there has been a high rate of infrastructure investment from which the Council is emerging. It is now focusing on managing incremental growth in its networks. However, both its business planning and project management skills need developing. There are very significant uncertainties, particularly in stormwater and wastewater management, which are becoming apparent in the Canterbury region.

The Council stands out in its ability to work with others. It is an active participant in regional forums, and works with neighbouring councils in joint procurement. However, its regulatory performance is mixed and there are conflicting internal and external views on the management of resource and building consents. The Council take an innovative approach to community facilities and their management. The Council has managed the costs of sports fields well by working with the clubs in the district to determine both the level of maintenance undertaken and who does it. For example, line marking and rubbish removal is carried out by clubs themselves, and they advise their members directly on the state of the fields. Astro-turf is used to enable higher levels of use, and provides a more economic option compared to buying additional land.

The Council took the opportunity following the earthquake to rebuild or extend Council community facilities to meet changed and growing needs. Some of the redesign is particularly innovative, including the redesign of the Kaiapoi library to include an arts space, a community space as well as client service desks. Sports facilities are developed in collaboration with other councils acting within the greater Canterbury region.

Assessing capability and capacity

The Council has 16 supplies for drinking water, which service from 40 to 8,000 connections. The larger plants are well managed and maintained. The Council acknowledges the smaller water supplies pose challenges for meeting and maintaining drinking water standards. All supplies comply with the Bacteria Treatment Standard. Nine out of 15 systems comply with the Protozoa Treatment Standard, and the Council is looking for full compliance over the next two years.

The discussions around water have triggered a review that is assessing a change from targeted rates to a district-wide rating.

There is relatively little knowledge whether there is significant water loss due to leakage, but water metering is not proposed as a way of managing demand (because there is ample supply). Although the Council does not inspect drinking water reticulation, it has a robust maintenance schedule, keeps records on its burst pipes, and undertakes criticality assessments.

The Council’s stormwater management will be challenged on several fronts, especially given the growing numbers of “life-style...
block” landholders. There are issues around the capacity of existing catchments, particularly in Rangiora. Inflows into (and infiltration of) the wastewater network after heavy rain is a significant problem that needs addressing. The Council recognises this, and it is a high priority for capital expenditure. It also recognises that stormwater treatment is a growing issue for the community. It is prioritising capital investment accordingly.

The Council has confidence in its wastewater asset information, with 10 to 15 per cent of the network viewed by CCTV. The most critical or oldest parts of the network are inspected, and around five per cent of the network is reviewed each year. Overflows into areas of water are infrequent (approximately two in five years), and there are approximately 15 overflows onto land each year. The Council is addressing pipe capacity issues to limit future overflows. In one area, it exceeded e-coli levels in a sand bed, which it corrected with further work. It is waiting for a report on another area. The marine outfall has had some asset durability and maintenance issues. The issue of discharging treated wastewater into the sea is likely to remain an issue for the community.

The Council recognises that managing growth well depends significantly on a reliable and resilient transport network and is working constructively with NZ Transport Agency (NZTA) and the Christchurch City Council on options for achieving this. It is adapting well to the NZTA’s One Network Road Classification, and works to maintain its network cost-effectively through a single contract with a private company.

Addressing regulation
The Council has no enforcement strategy for its regulatory responsibilities and has not determined how to balance the two tools it uses for compliance (education, and enforcement through infringement notices or prosecutions). There are only limited (response timeliness) measures for assessing the performance of the regulatory services. This could be improved by performance measures aimed at improving community safety (eg reducing the number of dog attacks).

Resource and building consent issues are managed in an integrated way. However, stakeholders consider the decision-making for consents to be opaque, inconsistent and time consuming.

Planning for land use (“spatial planning”) is being re-examined in a considered and competent way in partnership with other councils in the greater Canterbury region. Two major issues are township development and the balancing of “life-style block” activities against more traditional rural activities.

Meeting capital-investment goals
Infrastructure investment is dominated by a bottom-up engineering oriented perspective. Although some capital projects (eg the indoor courts facility) have undergone feasibility studies, there is no comprehensive and consistent use of formal business case methodologies.

The delivery of capital projects is an area for improvement. Project management disciplines are being increasingly used across the infrastructure team, although they are still to be introduced for the entire organisation. The Council has recognised the need to address this, along with ensuring that all projects are reviewed, audited and reported to the executive and elected members.

Strengths
The Council demonstrates strong and strategic asset management that informs its infrastructure planning.

The Council’s asset registers are aligned with its financial management system.

The Council’s financial strategy, asset management strategy and risk planning are integrated.

Areas for improvement
There needs to be improved knowledge of the Council’s infrastructure assets, particularly asset condition.

Digital devices need to be used more extensively, so that databases can be updated in real time.

The Council would benefit from establishing an enforcement strategy that creates priorities within its regulatory activities (particularly animal control) and that manages risk better.

To ensure accountability, there should be public reporting on the outcomes of all major projects, with details on timeliness, cost and scope.

Capital projects need to be developed and delivered using appropriate levels of expertise in business case planning, and in project management and governance.
Listening and responding
Communicating and engaging with the public and businesses

The Council’s face-to-face engagement and communication is very good, and its relationship with Māori/Iwi is excellent. However, more comprehensive communication and media strategies are needed, particularly in the use of social media and other digital communication.

Priority grading
Performing well

< The Council’s communications and engagement strategy is variable. It excels in direct face-to-face communication. >

However, it does not have a published digital strategy, although it advises that work is underway on consolidating its work in this area. Its website is significantly out of date in terms of both its presentation and the transactions it offers, although it again recognises the need to prioritise further development.

Planning effective engagement

The Council communications staff acknowledged that they were “on the launching pad for improving digital communication” and are now open to improving digital channels, after what was a low priority during earthquake recovery. There has been some initial success with Facebook, and views of its Facebook videos are strong. A development proposal involving the Kaiapoi River received more than 18,000 views. Email and text have been used to alert users about a bridge under repair, but neither medium is used systematically. The website is due for an upgrade. There are other gaps, such as an inability to text residents, and a heavy reliance on the local newspaper for issuing notices. The Council has identified its digital engagement strategy as one of the 13 enablers of the Council’s revised strategy.

Communicating through the media

There is very close engagement between the Council and the local media, and media stories related to the Council appear to be balanced and generally constructive. The Council has a page in the local paper advertising its notices and events. It responds quickly to questions or issues though a range of spokespersons. The Chief Executive and the Mayor both participate in a regular weekly media briefing.

Building relationships with Māori/Iwi

Engagement with Māori/Iwi is outstanding. There is a regular meeting with representatives of the local Iwi, Ngai Tahu Iwi Runanga, which includes their resource management advisors. Māori/Iwi feel listened to and have seen positive action by the Council, so there is a high degree of trust.

There are annual planning hui which the full Council attends with the venue alternating between the Council building and the marae.

Building relationships with the community

Through its community services group, the Council is very successful in connecting with more than 300 disadvantaged or vulnerable groups in the community. This includes networks that focus on important local themes such as domestic violence, refugees and alcohol. Initiatives are networked across community groups and with the Police, Women’s Refuge, etc. Youth is a strong focus, and community assets such as the library and the pool are used actively for community connection.

Engaging with the community

There has been strong community engagement, particularly on issues arising from the earthquake. This engagement was led by the Mayor and the Chief Executive, and their strong leadership performance through that difficult period now resonates positively with the community.

The quality of printed communication could improve, particularly in the Council’s statutory documents such as the Annual Plan. Although infographics are used, it is difficult for a household to identify how much it spends and how it compares with other households.
Complaint mechanisms need to be reviewed. There are delays in the Council’s response times, and it is not clear whether systems or process issues are causing these delays.

**Communicating when there’s a crisis**
In addition to the usual avenues of radio, print and telephone, Facebook is increasingly used as the alert mechanism for an emergency. The Council earned particular praise for its “door-knocking” in the period after the earthquakes as every household was visited. The Council would benefit from using text messages for alerts that are less crucial (eg a “boil water” notice) that would otherwise challenge the Council’s ability to visit every household.

**Building relationships with business**
Businesses generally have a positive view of the Council but this is dominated by the relationships formed with the Mayor and the Chief Executive, who are regarded as accessible, reasonable, practical and focused on solutions. In some of its regulatory activities, particularly consenting, the Council is viewed as risk-averse, inconsistent and lacking a commercial understanding.

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**Strengths**
- The relationship with Māori/Iwi is one of trust, built through active engagement and changes in behaviour.
- There is extensive community engagement, with supportive leadership from the Mayor and the Chief Executive.
- The Council puts considerable effort into making face-to-face contact, particularly in emergency situations.

**Areas for improvement**
- The Council needs to establish a media and communications strategy.
- The Council must develop its digital capability, so that more of its business can be transacted online and more of its communications can be delivered through texts, emails, social media, etc.

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The CouncilMARK™ local government excellence programme is a proprietary programme operated by Local Government New Zealand (utilising independent assessors). The rating given to a council is an independent assessment of that council’s performance in certain areas, as at the time the rating was given. LGNZ does not accept any liability to any person whatsoever in relation to any rating, or the council’s participation in the programme. For more information visit www.councilmark.co.nz
1. SUMMARY

1.1. The purpose of this report is to update the Council on Health and Safety matters for the month of October.

Attachments:

i. Discharging Officer Health and Safety Duties

ii. October 2019 Health and Safety Dashboard Report

RECOMMENDATION

THAT the Council:

(a) Receives report No 191021146564

(b) Notes that there are no significant Health and Safety issues at this time, and that WDC is, so far as is reasonably practicable, compliant with the Person Conducting a Business or Undertaking (PCBU) duties of the Health and Safety at Work Act 2015.

2. BACKGROUND

2.1. The Health and Safety at Work Act 2015 requires that Officers must exercise due diligence to make sure that the organisation complies with its health and safety duties. Discharging Officer Health and Safety Duties for WDC is outlined in Appendix 1.

2.2. An officer under the Health and Safety at Work Act 2015 is a person who occupies a specified position or who occupies a position that allows them to exercise a significant influence over the management of the business or undertaking. Councillors and Chief Executive are considered to be the Officers of WDC.
3. ISSUES AND OPTIONS

3.1. There are 8 new work-related incidents in this report, 3 of which require further investigation.

<table>
<thead>
<tr>
<th>Date</th>
<th>Occurrence</th>
<th>Event description</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>16/09/2019</td>
<td>Property Damage</td>
<td>Digger struck a telecom cable. The team had underground services located by an external contractor, however the telecom cable was not located. Telecom cable was at 150mm deep.</td>
<td>PENDING INVESTIGATION</td>
</tr>
<tr>
<td>23/09/2019</td>
<td>Injury</td>
<td>Scrapped thumb on concrete wall.</td>
<td>Worker was lifting a multitrode probe (water/wastewater sensor). The injury was a minor graze on the thumb. The probe is located on the floor. Recurrence can be prevented by the worker wearing gloves and paying attention to their actions. CLOSED</td>
</tr>
<tr>
<td>26/09/2019</td>
<td>Near Miss</td>
<td>Trainee worker had planned to meet another experienced worker at Rangiora Inlet to see how the grit wash worked as a contractor was coming to be there for cleaning job. While instructing, the experienced staff member advised trainee that he had a doctor's appointment at 2pm and requested trainee stay to finish the job. As they were trying to turn the grit wash sprayers they accidentally caused the grit pump to run which caused small sewer overflow on to the ground which contractor cleaned up. With no proper training the trainee worker was unsure of procedures. This incident was caused by trainee not having enough experience, and experienced operator leaving the site. Recurrence can be prevented by providing full training to trainee, and ensuring adequate supervision until competent. The site should have been shut down and supervisor alerted of the situation. This situation is being discussed with all parties, and any further actions are being discussed with management. OPEN</td>
<td></td>
</tr>
<tr>
<td>03/10/2019</td>
<td>Injury</td>
<td>Rolled ankle on a building site on uneven ground. Worker is ok, it was a bit sore the following morning.</td>
<td>There is often a slight height difference between the existing ground and the hard fill placed in the under slab excavation (approx. 100mm). Worker has stepped on his foot half on each surface which has caused his foot to roll. Probably just a simple case of stepping in the wrong place. Inspection staff need to be aware of our surroundings and take a bit more care. The incident will be raised at next inspection team technical meeting and the whole team will have the opportunity to discuss. CLOSED</td>
</tr>
</tbody>
</table>
| 07/10/2019| Near Miss  | Worker went to use cleaning spray to clean desk. Grabbed the spray and wipe all-purpose cleaner from shelf in the bathroom area and sprayed it, however the container | Cleaning contractor has removed the spray bottle of bleach and spoken to the cleaning staff member concerned. This is not standard practice of the
3.2. The Health and Safety team have recently provided Incident Investigation / Risk Management training to line managers over the next month. This training provides line managers with the skills to complete incident investigations and risk assessments for health and safety matters.

3.3. The Management Team have reviewed this report and support the recommendations.

4. COMMUNITY VIEWS

4.1. Groups and Organisations

4.1.1. The above reporting is shared with Management Team and the Health and Safety Committee in particular, for their review and comment.

4.2. Wider Community

4.2.1. The community has not been consulted with regard to this matter, as this is internal compliance reporting, relating to Health and Safety at Work.

5. IMPLICATIONS AND RISKS

5.1. Financial Implications

5.1.1. All financial implications for the upcoming year’s health and safety activities have been accounted for within approved project costs (such as Promapp implementation), or via departmental budgets already allocated to health and safety.

5.2. Community Implications

5.2.1. Community implications have not been included in this report as this is internal compliance reporting, relating to Health and Safety at Work.

5.3. Risk Management

5.3.1. Risk Management is one of the key performance requirements of a functioning Health and Safety system, therefore an updated version of the Health and Safety Register Action Plan is a key aspect of this monthly report (see Attachment 2).

5.4. Health and Safety

5.4.1. Continuous improvement, monitoring, and reporting of Health and Safety activities are a key focus of the health and safety management system. Attachment 1 indicates the health and safety monitoring and improvement activities that are in progress at WDC.

6. CONTEXT

6.1. Policy
6.1.1. This matter is not a matter of significance in terms of the Council’s Significance and Engagement Policy.

6.2. **Legislation**

6.2.1. The key legislation is the Health and Safety at Work Act 2015.

6.2.2. The Council has a number of Human Resources policies, including those related to Health and Safety at Work.

6.2.3. The Council has an obligation under the Local Government Act to be a good employer.

6.3. **Community Outcomes**

6.3.1. There is a safe environment for all

   The Health, Safety and Wellbeing of the organisation, its employees and volunteers ensures that Community Outcomes are delivered in a manner which is legislatively compliant and culturally aligned to our organisational principles: ta mātou mauri.

6.4. **Delegations**

6.4.1. An officer under the Health and Safety at Work Act 2015 is a person who occupies a specified position or who occupies a position that allows them to exercise a significant influence over the management of the business or undertaking. Councillors and Chief Executive are considered to be the Officers of WDC.
### Discharging Officer Health and Safety Duties

<table>
<thead>
<tr>
<th>OFFICER DUTIES</th>
<th>EXAMPLES OF ACTIVITIES TO SUPPORT DISCHARGE OF DUTIES</th>
<th>FREQUENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KNOW</strong></td>
<td>• Updates on new activities/major contracts</td>
<td>Various Committee reports</td>
</tr>
<tr>
<td></td>
<td>• Council reports to include Health and Safety advice as relevant</td>
<td>Monthly, as required</td>
</tr>
<tr>
<td></td>
<td>• Audit Committee to receive minutes of Health and Safety Committee meetings</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td>• Update on legislation and best practice changes to Audit Committee</td>
<td>As required</td>
</tr>
<tr>
<td></td>
<td><strong>(To acquire, and keep up to date, knowledge of work health and safety matters)</strong>*</td>
<td></td>
</tr>
<tr>
<td><strong>UNDERSTAND</strong></td>
<td>• Induction of new Council through tour of District and ongoing site visits.</td>
<td>Start of each new term and as required</td>
</tr>
<tr>
<td></td>
<td>• H&amp;S Risk register to Audit Committee</td>
<td>Six monthly, or where major change</td>
</tr>
<tr>
<td></td>
<td>• Training on H&amp;S legislation and best practices updates</td>
<td>At least annually</td>
</tr>
<tr>
<td></td>
<td>• CCO activities reported to the Audit Committee</td>
<td>At least annually</td>
</tr>
<tr>
<td></td>
<td><strong>(To gain an understanding of the nature of the operations of the business or undertaking of the PCBU and generally of the hazards and risks associated with those operations)</strong>*</td>
<td></td>
</tr>
<tr>
<td><strong>RESOURCES</strong></td>
<td>• LTP or Annual Plan to have a specific report on H&amp;S resources</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>• Reports to Committees will outline H&amp;S issues and resourcing, as appropriate</td>
<td>As required</td>
</tr>
<tr>
<td></td>
<td><strong>(To ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking)</strong>*</td>
<td></td>
</tr>
<tr>
<td><strong>MONITOR</strong></td>
<td>• Report to every Council meeting – standing agenda item to include Dashboard Update and any major developments</td>
<td>Monthly</td>
</tr>
<tr>
<td></td>
<td>• Risk register review by Audit Committee</td>
<td>Six monthly, or where major change</td>
</tr>
<tr>
<td></td>
<td><strong>(To ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information)</strong>*</td>
<td></td>
</tr>
<tr>
<td><strong>COMPLY</strong></td>
<td>• Programme of H&amp;S internal work received by Audit Committee</td>
<td>Annually</td>
</tr>
<tr>
<td></td>
<td>• Internal Audit reports to Audit Committee</td>
<td>As completed</td>
</tr>
<tr>
<td></td>
<td>• Incident Investigations reported Audit Committee</td>
<td>As required</td>
</tr>
<tr>
<td></td>
<td>• Worksafe review of incidents/ accidents reported to Audit Committee</td>
<td>As required</td>
</tr>
<tr>
<td></td>
<td><strong>(To ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under this Act)</strong>*</td>
<td></td>
</tr>
<tr>
<td><strong>VERIFY</strong></td>
<td>• Receive any external audit results and remedial actions (if any) reported to Audit Committee</td>
<td>Two yearly</td>
</tr>
<tr>
<td></td>
<td>• Worksafe audits, if undertaken</td>
<td>As completed</td>
</tr>
<tr>
<td></td>
<td>• Self-assessment against Canterbury Safety Charter and/or SafePlus reported to the Audit Committee</td>
<td>As completed</td>
</tr>
<tr>
<td></td>
<td><strong>(To verify the provision and use of the resources and processes)</strong>*</td>
<td></td>
</tr>
</tbody>
</table>
### Progress against 2019/20 Workplan – October 2019 (*as at 21 October 2019*)

<table>
<thead>
<tr>
<th>Major Projects</th>
<th>Current Progress</th>
<th>Comment</th>
</tr>
</thead>
</table>
| **Action 1**: Review and re-develop Take-5 hazard assessment mobile form to account for variations in worker requirements. | Update | Review of the Take-5 form with all relevant stakeholders is complete, and changes are as follows:  
- Non-Water Unit Field Staff: a simplified version of the mobile form has been created, tested and rolled out to all relevant users *(action complete)*.  
- Water Unit: mobile form has been reviewed by relevant stakeholders and is in the process of being amended, ready for testing during late October/early November. |
| **Action 2**: Re-develop Health and Safety presence on WDC intranet to ensure that staff have easy and user-friendly access to Health and Safety systems. | No change from Sept report | Initial intranet system training was held with the wider HS&Q unit to ensure that system admin capability exists in the team.  
The team have completed development of the health and safety intranet presence, and have ensured that that all assets and links in the current intranet format are transferred into the new intranet format. Now awaiting go-live of the intranet. |
| **Action 3**: Investigate and procure improved Health and Safety risk, hazard and incident management software systems to improve corrective action workflows, corporate reporting and staff communication of health and safety risks, hazards and incidents. | Update | Business case for the procurement of Risk Management software package has been approved by the risk management workgroup, the risk management sponsor group, and the Business Improvement Steering Group. Configuration, and roll-out has commenced and a pilot implementation is being completed with 5 teams.  
The Health and Safety Team are investigating and reviewing the use of CiAnywhere (TechOne) as an improvement to current systems for the recording and management of hazards and incidents. Investigation and review predicted to be complete by end of 2019. |
| **Action 4**: Health and Safety participation in Corporate Accommodation working group and/or project team to ensure that the following are considered throughout the project:  
  - Safety in Design  
  - Site security considerations  
  - Risk management  
  - Contractor health and safety management  
  - Site health and safety management  
  - Worker wellbeing | No change from Sept report | Health, Safety and Quality Manager has been involved in initial project team meetings and risk identification sessions, and has raised health and safety risks within relevant forums.  
Health and Safety have made input into the project risk register to ensure that health and safety risks have been identified. |

**Legend**

- On track
- Slightly behind schedule (less than one month)
- Behind schedule (greater than one month)
Incidents/Injuries – October 2019 (*as at 21 October 2019)

October 2018 to Current: Worker/Volunteer Incident Reporting

- Property or Vehicle Damage
- Near Miss
- Injury
- Illness/Medical Incident
- Adverse interaction

Incident Date Fiscal Hierarchy

Employee Flag
Incident Count

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Incidents/Injuries – October 2019 (*as at 21 October 2019)

October 2018 to Current: Worker/Volunteer Incident Reporting

- Near Miss: 17 (20%)
- Injury: 44 (53%)
- Property or Vehicle Damage: 12 (14%)
- Illness/Medical Incident: 4 (5%)
- Adverse Interaction: 7 (8%)

Incident Type:
- Adverse Interaction
- Illness/Medical Incident
- Injury
- Near Miss
- Property or Vehicle Damage
Lost Time Injuries:

<table>
<thead>
<tr>
<th>Year</th>
<th>Injuries</th>
<th>Total Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>4</td>
<td>340.5</td>
</tr>
<tr>
<td>2018/19</td>
<td>3</td>
<td>318.2</td>
</tr>
<tr>
<td>2019/20</td>
<td>3</td>
<td>64.8 (to date)</td>
</tr>
</tbody>
</table>

LEAD INDICATORS

<table>
<thead>
<tr>
<th>Safety Inspections Completed (Workplace Walkarounds)</th>
<th>Q3 2019</th>
<th>14 out of 17 Workplace Walkarounds completed for Q1 2019/20 (September). Hazards will be raised for any non-compliances.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Delivered 2017/18</td>
<td>People Trained: 454</td>
<td></td>
</tr>
<tr>
<td>Training Delivered 2018/19</td>
<td>People Trained: 467</td>
<td></td>
</tr>
<tr>
<td>Training Delivered 2019/20</td>
<td>People Trained: 179</td>
<td></td>
</tr>
</tbody>
</table>

Contractor Database (drawn from SiteWise Database)
<table>
<thead>
<tr>
<th>Risk Type</th>
<th>Description</th>
<th>Action</th>
<th>Action Owner</th>
<th>Action Lead</th>
<th>Due Date</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Consequence</td>
<td>Airfield operations</td>
<td>*Require audits of hangars to ensure that they are in compliance with Building Act and tenancy requirements (including the requirement that hazardous substances are prohibited from hangars).</td>
<td>Grant MacLeod</td>
<td>Chris Brown</td>
<td>30/11/2019 (revised)</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Armed Hold-up/Violent or Abusive Customers (on Council Sites) &amp; Site Security</td>
<td>*Develop and implement action plans based on Site Security Reviews.</td>
<td>Rob Hawthorne</td>
<td>Liz Ashton</td>
<td>Review early 2020</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Boat Operations</td>
<td>*Practise rescue plan drills on regular basis *SOPs have been recently reviewed and require re-training.</td>
<td>Richard Cookson</td>
<td>Jeff Millward</td>
<td>31/07/2019</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Confined space entry</td>
<td>*Review procedures for any work on Ocean Outfall Pipeline/drop-structure to ensure they are adequate.</td>
<td>Richard Cookson/Kalley Simpson</td>
<td>Gerard Cleary</td>
<td>31/10/2019 (revised)</td>
<td>In progress</td>
</tr>
<tr>
<td>High Risk</td>
<td>Contractor Health and Safety Management</td>
<td>*Contract Management refresher training at least every 2 years (to provide opportunity to review processes to keep up with industry practice).</td>
<td>Charlotte Browne</td>
<td>Gerard Cleary</td>
<td>31/07/2019</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>High Risk</td>
<td>Contractor Health and Safety Management</td>
<td>*PDU to create an internal contract management auditing programme which will include H&amp;S requirements.</td>
<td>Kelly La Valley</td>
<td>Gerard Cleary</td>
<td>30/06/2019</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Corporate Accommodation</td>
<td>*Ensure that comprehensive planning for any large-scale staff relocations has been completed, which includes workstation ergonomic assessments (may need contractor based on volume of assessments).</td>
<td>Rob Hawthorne</td>
<td>Liz Ashton</td>
<td>Review early 2020</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Driver Safety</td>
<td>*Encourage staff to find alternatives to driving: e.g. video conferencing, skype etc.</td>
<td>Ashleigh Radford</td>
<td>Jeff Millward/Liz Ashton</td>
<td>Review early 2020</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Electricity &amp; Gas (proximity to overhead/underground lines)</td>
<td>*Ensure that emergency response procedures (i.e. what do to in the event of incident/interaction with underground or overhead power lines) is available, and that all relevant staff are trained,</td>
<td>Richard Cookson</td>
<td>Jeff Millward</td>
<td>30/09/2019 (revised)</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Activity</td>
<td>Details</td>
<td>Responsible Officers</td>
<td>Date</td>
<td>Status</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>----------</td>
<td>---------</td>
<td>----------------------</td>
<td>------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Electricity (proximity to overhead/underground lines)</td>
<td><em>Retrain all Water Unit staff in use of cable locators.</em></td>
<td>Richard Cookson</td>
<td>Jeff Millward</td>
<td>30/06/2019</td>
<td>COMPLETE</td>
<td></td>
</tr>
<tr>
<td>Electricity (proximity to overhead/underground lines)</td>
<td><em>Engagement with Mainpower to improve Before-U-Dig response times (create MOU?).</em></td>
<td>Richard Cookson</td>
<td>Gerard Cleary</td>
<td>30/09/2019 (revised)</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>Emergency Management (Workers responding to Civil Emergency events) / Volunteers conducting hazardous activities</td>
<td><em>Ensure that all of the current control measures are captured in Standard Operating Procedures which are clearly communicated to all relevant workers.</em></td>
<td>Brennan Wiremu</td>
<td>Nick Harrison</td>
<td>Review early 2020</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>Emergency response (internal)</td>
<td><em>Earthquake seismic sensors to be installed in key buildings to measure potential damage (decision-making as to whether to evacuate or remain in building in earthquake event).</em></td>
<td>Greig Wilson</td>
<td>Nick Harrison</td>
<td>31/07/2019 (revised)</td>
<td>COMPLETE</td>
<td></td>
</tr>
<tr>
<td>Emergency response (internal)</td>
<td><em>Ear Protection needs to be considered in Emergency Procedures i.e. every person should have access to ear plugs or muffs in case of being trapped or required to stay in the building.</em></td>
<td>Health &amp; Safety</td>
<td>TBC</td>
<td>30/06/2019</td>
<td>COMPLETE</td>
<td></td>
</tr>
<tr>
<td>Excavations</td>
<td><em>Develop/review standard operating procedures and retrain staff in new SOP.</em></td>
<td>Richard Cookson</td>
<td>Jeff Millward</td>
<td>31/07/2019</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>Hazardous Substances - BAU Handling &amp; Storage</td>
<td><em>Ensure non-compliances and improvements from 2019 audit have been completed.</em></td>
<td>Health &amp; Safety</td>
<td>Managers &amp; Team Leaders</td>
<td>31/10/2019</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>Mobile plant and machinery</td>
<td><em>Check maintenance records and maintenance schedules are in place to ensure safety of equipment.</em></td>
<td>Health &amp; Safety</td>
<td>Managers &amp; Team Leaders</td>
<td>31/10/2019</td>
<td>In progress</td>
<td></td>
</tr>
<tr>
<td>High Consequence</td>
<td>Mobile plant and machinery</td>
<td>*Improve competency records to include a schedule of levels of competency for each staff member/each piece of mobile plant. *Develop/review standard operating procedures and retrain staff in new SOP.</td>
<td>Richard Cookson</td>
<td>Jeff Millward</td>
<td>31/07/2019</td>
<td>In progress</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------</td>
<td>---------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>High Consequence/High Risk</td>
<td>Multiple</td>
<td>Review and action of 3-Waters Sites Hazard Review (Dan McNally)</td>
<td>Kalley Simpson</td>
<td>Gerard Cleary</td>
<td>Ongoing</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence/High Risk</td>
<td>Multiple</td>
<td>Review and action of Water Unit Observation Report (Impac)</td>
<td>Richard Cookson</td>
<td>Jeff Millward</td>
<td>Ongoing</td>
<td>In progress</td>
</tr>
<tr>
<td>High Risk</td>
<td>Site Security WWTP</td>
<td>*Site security review to consider any points of access or vulnerabilities to sabotage (in particular pump stations, treatment plants or pipelines)</td>
<td>Kalley Simpson</td>
<td>Gerard Cleary</td>
<td>30/06/2020</td>
<td>N/A</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Traffic management</td>
<td>*Review Traffic Management requirements for Greenspace Team, given that the Greenspaces team will be carrying inspections of street trees / street gardens as well as supervision and checking of the contractor working within the road corridor.</td>
<td>Grant MacLeod</td>
<td>Chris Brown</td>
<td>30/11/2019 (revised)</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Violent or Abusive members of public (in the field)</td>
<td>*Consider use of body cameras for enforcement staff</td>
<td>Health &amp; Safety</td>
<td>Nick Harrison</td>
<td>30/11/2019 (revised)</td>
<td>In progress</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Violent or Abusive members of public (in the field)</td>
<td>*Enforce mandatory Stop Violence training for all staff that interact with public face-to-face (needs analysis by role)</td>
<td>Charlotte Browne</td>
<td>Liz Ashton</td>
<td>30/06/2019</td>
<td>COMPLETE</td>
</tr>
<tr>
<td>High Consequence</td>
<td>Violent or Abusive members of public (in the field)</td>
<td>*Develop ‘key client’ staff relationships to ensure that only certain staff deal with identified difficult customers</td>
<td>Managers &amp; Team Leaders</td>
<td>Nick Harrison</td>
<td>TBC</td>
<td>Ongoing</td>
</tr>
<tr>
<td>High Risk</td>
<td>Water Safety (Public) Beaches/Natural Environment</td>
<td>*Review of risk and required control measures (based on what is ‘reasonably practicable’)</td>
<td>Grant MacLeod</td>
<td>Chris Brown</td>
<td>Review early 2020</td>
<td>N/A</td>
</tr>
<tr>
<td>High Risk Water Safety (Public)</td>
<td>Stormwater/Stock Races</td>
<td>*Review of risk and required control measures (based on what is ‘reasonably practicable’)</td>
<td>Kalley Simpson</td>
<td>Gerard Cleary</td>
<td>Review early 2020</td>
<td>N/A</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>----------------</td>
<td>--------------</td>
<td>-----------------</td>
<td>-----</td>
</tr>
<tr>
<td>High Risk Water Safety (Public) WWTP</td>
<td>*Require review of security fencing of all Waste Water Treatment Plant sites (internal review - test against other organisations). Review Stormwater site security (internal review - test against other organisations).</td>
<td>Kalley Simpson</td>
<td>Gerard Cleary</td>
<td>30/06/2020 (revised)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>High Consequence Working at heights</td>
<td>Water Unit: *Review of all structures which require work at heights to determine the adequacy of the fall protection (in particular the harness systems) and any further procedure/training required to ensure safe use of systems.</td>
<td>Richard Cookson / Kalley Simpson</td>
<td>Gerard Cleary / Jeff Millward</td>
<td>30/06/2020 (revised)</td>
<td>In progress</td>
<td></td>
</tr>
</tbody>
</table>

*All actions are new since the April 2019 Risk Register review. Reviewed on a monthly basis by Management Team.
*All actions with strikethrough have been transferred to department operational risk registers, or completed.
WAIMAKARIRI DISTRICT COUNCIL

REPORT FOR DECISION

FILE NO and TRIM NO: WAT-05-19-07-02 / 190820116633
REPORT TO: Oxford-Ohoka Community Board
DATE OF MEETING: 5 September 2019
FROM: Colin Roxburgh, Water Asset Manager
SUBJECT: Request for Approval to Proceed with Consultation on Poyntzs Road Joining with West Eyreton and Summerhill Water Supplies

SIGNING OFFicer for Reports to Council, Committees or Boards

1. SUMMARY

1.1. This report is to seek the Oxford-Ohoka Community Board’s endorsement to consult with the Poyntzs Road, West Eyreton and Summerhill communities on the project to upgrade the Poyntzs Road water supply by joining with the West Eyreton water supply.

1.2. The Poyntzs Road scheme is currently supplied by a single well that does not comply with the protozoal requirements of the Drinking-water Standards for New Zealand (DWSNZ). The Council is bound by the Health (Drinking-water) Amendment Act to ensure that the scheme meets the standards.

West Eyreton and Summerhill Water Supply Advisory Group Consultation

1.3. Meetings and workshops have been held with the West Eyreton and Summerhill Water Supply Advisory Groups in 2017 and 2018 on this project. The key points raised are as follows:

- Concerns were raised around the overall capacity of the West Eyreton source to provide an adequate supply to all three schemes. Staff have since provided evidence to demonstrate that there will be sufficient source capacity for this to occur over the next 50 year horizon.

- The groups strongly advocated for a financial contribution to be made from the Poyntzs Road scheme to the West Eyreton and Summerhill schemes as a condition of joining and sharing the infrastructure at the source. Funding options have been derived to ensure that options involving this contribution are included within the consultation material for consideration by the respective communities.

Implication of Council Review of Funding for UV Upgrades to Poyntzs Road Scheme

1.4. As part of consultation on the Draft 2019-20 Annual Plan, Council considered alternative ways of funding ultra-violet (UV) treatment upgrades across the district. This was in acknowledgement of the difficulty in providing safe and affordable water to small supplies, such as the Poyntzs Road scheme.

1.5. An option was approved in which the costs of UV treatment upgrade costs were aggregated into a single rate across the district’s public water supplies. In the case of
Poyntzs Road, the project to join with West Eyreton is proposed as an alternative to UV treatment at the Poyntzs Road site rather than being a project to install UV treatment. The reason that joining the Poyntzs Road scheme to the West Eyreton scheme is considered a preferable alternative to installing UV treatment at Poyntzs Road is that while UV treatment would achieve protozoal compliance, it would not provide treatment for rising nitrates on the scheme which are at risk of exceeding the maximum acceptable value (MAV) in the future if not addressed.

1.6. Therefore, it was resolved that the District Wide UV rate will fund 50% of the Poyntzs Road upgrade project, with the Poyntzs Road community funding the rest (refer to report 190426060012 on the adoption of the UV rate).

1.7. The result of this decision is that while the cost of the upgrade to the Poyntzs Road scheme is still significant, it is not as cost prohibitive as it would have been without this contribution.

Funding Options for Consultation

1.8. Following the determination of the optimum upgrade option, the consultation with the West Eyreton and Summerhill Water Supply Advisory Groups, and the Council’s UV treatment funding decision, there is now the required level of certainty to carry out consultation with the affected communities.

1.9. It is proposed that the communities be consulted on how the project should be funded, with three options presented for consideration:

<table>
<thead>
<tr>
<th>Funding Option</th>
<th>Description of Share of Costs</th>
<th>Rating Impact</th>
</tr>
</thead>
</table>
| A              | Poyntzs Road scheme cover full cost of upgrade, but no contribution towards West Eyreton or Summerhill. | *Significant increase to Poyntzs Road rates.*  
*No change to West Eyreton or Summerhill rates.* |
| B              | Poyntzs Road scheme cover full cost of upgrade, plus make contribution towards new backup well at West Eyreton | *Greater increase to Poyntzs Road than Option A.*  
*Moderate decrease in rates to West Eyreton and Summerhill.* |
| C              | Poyntzs Road scheme cover full cost of upgrade, plus make contribution towards new backup well at West Eyreton and to existing headworks infrastructure at West Eyreton. | *Greater increase to Poyntzs Road than Option A and Option B.*  
*Greater decrease in rates to West Eyreton and Summerhill than Option B, but still moderate.* |

1.10. Draft consultation material is attached detailing how it is proposed that this information be communicated to residents on the three affected schemes. It is proposed that the consultation material be distributed, a public meeting held, then the results of consultation collated and reported back to the Oxford-Ohoka and Rangiora-Ashley Community Boards and Council for a final decision on the way forward for the project.

Attachments:

i. Draft Consultation Material (190820116632)

2.  **RECOMMENDATION**

**THAT** the Oxford-Ohoka Community Board recommends:

**THAT** the Utilities and Roading Committee recommends:

**THAT** the incoming Council:

(a) **Receives** report No. 190820116633.

(b) **Notes** that an upgrade to the Poyntzs Road scheme is required to achieve compliance with the Drinking-water Standards for New Zealand.

(c) **Notes** that the optimum way to achieve this upgrade is by installation of a pipeline from West Eyreton the Poyntzs Road, and that the optimum pipe route has been determined to be the Main Race Road alignment, following previous consultation with residents on two potential pipe routes.

(d) **Notes** that three funding options have been identified for consideration by the communities for the upgrade, following consultation with the West Eyreton and Summerhill Water Supply Advisory Groups.

(e) **Approves** staff to consult with the affected communities on the proposal and funding options identified, based on the draft consultation material attached, noting that the consultation material is currently in draft format and will be refined prior to distribution to residents.

(f) **Notes** that an identical report is to be presented to the Rangiora-Ashley Community Board prior to progressing with consultation.

3.  **BACKGROUND**

3.1. The Poyntzs Road scheme is currently supplied by a single well that does not comply with the protozoal requirements of the Drinking-water Standards for New Zealand (DWSNZ). The Council is bound by the Health (Drinking-water) Amendment Act to ensure that the scheme meets the standards.

**Determination of Optimum Upgrade Option and Pipe Route**

3.2. In September 2017 Council endorsed the option of joining the Poyntzs Road scheme with the West Eyreton scheme as the preferred upgrade option. Alternative options that were considered but ruled out were:

- **Drilling a new deep well to find secure groundwater:** The likelihood of striking high quality secure groundwater in the area were deemed to be low, and this would likely require further treatment following new drinking-water standards coming into effect (therefore adding cost to this option and reducing its benefits).

- **Treating the existing source:** Treatment for protozoa is feasible by way of ultra-violet (UV) treatment potentially preceded by filtration. However, the nitrate levels on the Poyntzs Road scheme are at approximately 80 – 90% of the maximum acceptable value (MAV) and these cannot economically be treated for. Also, this option would mean that the scheme would still rely on a single source with no backup which has a risk of a future loss of supply.

- **Connecting to the Oxford Urban scheme:** This would be physically feasible, however there is some limitations on source capacity at the Domain Road source, and the distance is greater than to the distance to connect to West Eyreton.
Therefore, this option would have additional cost over the option of connecting to West Eyreton, with no additional benefit.

3.3. While the option of joining Poyntzs Road to West Eyreton and Summerhill was endorsed as the preferred strategy, there were two potential pipe routes that could be followed to make this connection. Council therefore endorsed staff consulting with residents along both potential pipe routes to connect Poyntzs Road to West Eyreton to determine the level of interest in connecting the schemes, which is a factor in determining the optimum route for the new pipe (refer report 170816088611).

3.4. The two potential routes, and results of the community consultation along both pipe routes is included below:

![Figure 1: Potential Pipe Routes for Connection of Poyntzs Road to West Eyreton (exact point at which schemes will join is subject to hydraulic modelling being finalised)]

3.5. Table 2 summarises the results of the initial stage of consultation:

<table>
<thead>
<tr>
<th>Item</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of letters dispatched to properties along potential alignments</td>
<td>301</td>
</tr>
<tr>
<td>Number of responses to letters</td>
<td>67</td>
</tr>
</tbody>
</table>

**South Eyre Road Route:**
- Number of properties wishing to connect immediately: 2
- Number of Properties considering connecting within 10 years: 9

**Main Race Road Route:**
- Number of properties wishing to connect immediately (including potential five lot sub-division): 9
- Number of Properties considering connecting within 10 years: 5

3.6. Two properties in close proximity to the existing West Eyreton reticulation network identified that they might be interested in connecting within the next 10 years. These properties have been excluded from route analysis in Table 2, because the ability of these properties to connect is not dependent upon the new pipeline being installed.
3.7. The Main Race Road route has a greater number of immediate connections, with fewer interested in connecting within the next 10 years. The immediate benefit of this option is significantly greater than the South Eyre Road route because the projected number of new connections would provide more properties to share the cost of the project.

3.8. The South Eyre Road route has fewer total connections within 10 years and a significant proportion of these are not immediate connections, which potentially may not connect. Two of the nine properties considering connecting within 10 years are relatively close to either the Poyntzs Road or West Eyreton Schemes. Therefore, it might be viable to connect these properties by laying rider mains in the berm at a later date regardless of which pipe route is selected.

3.9. One of the immediate connections within the South Eyre Road route is roughly midway between the two routes and would require additional pipe or alterations to alignments. Subject to cost, this might be accommodated by either option.

3.10. Following this process, with the length of pipe similar along both routes, the Main Race Road route was determined to be the optimum route for the new pipe, due to a higher level of interest in residents wishing to connect.

West Eyreton and Summerhill Water Supply Advisory Group Consultation

3.11. Meetings and workshops have been held with the West Eyreton and Summerhill Water Supply Advisory Groups in 2017 and 2018 on this project. The key points raised by the groups through this process, and the way that these were addressed are as follows:

- Concerns were raised around the overall capacity of the West Eyreton source to provide an adequate supply to all three schemes. Staff have since provided evidence to demonstrate that there will be sufficient source capacity for this to occur.

- The groups strongly advocated for a financial contribution to be made from the Poyntzs Road scheme to the West Eyreton and Summerhill schemes as a condition of joining and sharing the infrastructure at the source. Funding options have been derived to ensure that options involving this contribution are included within the consultation material for consideration by the respective communities.

Implication of Council Review of Funding for UV Upgrades to Poyntzs Road Scheme

3.12. As part of consultation on the Draft 2019-20 Annual Plan, Council considered alternative ways of funding ultra-violet (UV) treatment upgrades across the district. This was in acknowledgement of the difficulty in providing safe and affordable water to small supplies, such as the Poyntzs Road scheme.

3.13. An option was approved in which the costs of UV treatment upgrade costs were aggregated into a single rate across the district’s public water supplies. In the case of Poyntzs Road, the project to join with West Eyreton is proposed as an alternative to UV treatment at the Poyntzs Road site rather than being a project to install UV treatment. The reason that joining the Poyntzs Road scheme to the West Eyreton scheme is considered a preferable alternative to installing UV treatment at Poyntzs Road is that while UV treatment would achieve protozoal compliance, it would not provide treatment for rising nitrates on the scheme which are at risk of exceeding the maximum acceptable value (MAV) in the future if not addressed. Nitrates are cost prohibitive to treat at the scale required for a public water supply.
Therefore, it was resolved that the District Wide UV rate will fund 50% of the Poynitzs Road upgrade project, with the Poynitzs Road community funding the rest (refer to report 190426060012 on the adoption of the UV rate).

The result of this decision is that while the cost of the upgrade to the Poynitzs Road scheme is still significant, it is not as cost prohibitive as it would have been without this contribution.

4. ISSUES AND OPTIONS

4.1. Following the determination of the optimum upgrade option, the consultation with the West Eyreton and Summerhill Water Supply Advisory Groups, and the Council’s UV funding decision, the next step is to consult with the affected communities on how to fund the upgrade.

4.2. In the past schemes joining have been funded through a variety of different models, depending on each situation. Some recent examples are listed below:

<table>
<thead>
<tr>
<th>Schemes Joining</th>
<th>Financially Joined (costs merged into one account)</th>
<th>Key Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summerhill joining with West Eyreton</td>
<td>No</td>
<td>Summerhill paid for all new infrastructure and contribution made from Summerhill to West Eyreton towards existing infrastructure.</td>
</tr>
<tr>
<td>Pines-Kairaki joining with Kaiapoi</td>
<td>Yes</td>
<td>The pipe to join the schemes was funded through an earthquake budget (to replace a damaged well) so no capital cost to scheme budgets.</td>
</tr>
<tr>
<td>Oxford Rural No.2 joining with Oxford Urban</td>
<td>No</td>
<td>Oxford Rural No.2 funded all new infrastructure required solely to accommodate it joining (new pumpstations), while the cost of a second well was shared as it had a dual benefit.</td>
</tr>
<tr>
<td>Fernside joining with Mandeville</td>
<td>Yes</td>
<td>Fernside paid the capital cost of the connection as an extra-over to their rate for the new joined scheme.</td>
</tr>
<tr>
<td>Woodend joining with Pegasus</td>
<td>Yes</td>
<td>The schemes were financially joined and all costs shared.</td>
</tr>
</tbody>
</table>

4.3. In deriving funding models for the joining of the schemes, the history of Summerhill and West Eyreton needs to be taken into account as the most relevant scenario. For this reason options that involved financially joining the schemes were not considered, as this would essentially mean West Eyreton and Summerhill helping to fund the project, which is not consistent to how Summerhill funded their joining with West Eyreton.

4.4. Three funding options have been derived for consideration to ensure that under all scenarios existing scheme members on West Eyreton and Summerhill are no worse off than if the project were not to occur, and under two of the three options members of these schemes would be marginally better off.

4.5. In particular, Option C was put forward by the West Eyreton and Summerhill Water Supply Advisory Groups to be more consistent with the model used when the Summerhill scheme joined with West Eyreton with a financial contribution being made from Summerhill towards West Eyreton at the time of connecting.
Table 4: Funding Options Table

<table>
<thead>
<tr>
<th>Funding Option</th>
<th>Description of Share of Costs</th>
<th>Rating Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Poyntzs Road scheme cover full cost of upgrade, but no contribution towards West Eyreton or Summerhill.</td>
<td>- Significant increase to Poyntzs Road rates. - No change to West Eyreton or Summerhill rates.</td>
</tr>
<tr>
<td>B</td>
<td>Poyntzs Road scheme cover full cost of upgrade, plus make contribution towards new backup well at West Eyreton</td>
<td>- Greater increase to Poyntzs Road than Option A. - Moderate decrease in rates to West Eyreton and Summerhill.</td>
</tr>
<tr>
<td>C</td>
<td>Poyntzs Road scheme cover full cost of upgrade, plus make contribution towards new backup well at West Eyreton and to remaining headworks infrastructure at West Eyreton.</td>
<td>- Greater increase to Poyntzs Road than Option A and Option B. - Greater decrease in rates to West Eyreton and Summerhill than Option B, but still moderate.</td>
</tr>
</tbody>
</table>

Draft consultation material is attached detailing how it is proposed that this information be communicated to residents on the three affected schemes.

It is proposed that the consultation material be distributed, a public meeting held (or potentially separate public meetings for the Poyntzs Road scheme members relative to the West Eyreton and Summerhill scheme members), then the results of consultation collated and reported back to the Community Boards and Council for a final decision on the way forward for the project.

Given the proposed timeframes, the upcoming election needs to be considered in terms of the overall project timing. The following timetable is proposed for the consultation stage of the project through to receiving Council approval to proceed.

Table 5: Proposed Project Timeframe

<table>
<thead>
<tr>
<th>Stage</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Eyreton and Summerhill Advisory Groups Meeting</td>
<td>28 August 2019</td>
</tr>
<tr>
<td>Request OOCB Approval to Consult</td>
<td>5 September 2019</td>
</tr>
<tr>
<td>Request RACB Approval to Consult</td>
<td>11 September 2019</td>
</tr>
<tr>
<td>Request U&amp;R Make Recommendation to Incoming Council to Consult</td>
<td>24 September 2019</td>
</tr>
<tr>
<td>Election</td>
<td>12 October 2019</td>
</tr>
<tr>
<td>Report from U&amp;R Referred to incoming Council to give Approval to Consult</td>
<td>November 2019</td>
</tr>
<tr>
<td>Distribute Consultation Material to Scheme Members</td>
<td>Mid November 2019</td>
</tr>
<tr>
<td>Hold Public Meeting or Meetings</td>
<td>Date to be confirmed during consultation period</td>
</tr>
<tr>
<td>Period to Make Submissions Ends</td>
<td>Mid December 2019</td>
</tr>
<tr>
<td>Report back to Advisory Groups</td>
<td>January 2020</td>
</tr>
<tr>
<td>Report back to OOCB and RACB following consultation</td>
<td>February 2020</td>
</tr>
<tr>
<td>Report to Council to Request Adopt Funding Option and Proceed with Construction</td>
<td>March 2020</td>
</tr>
</tbody>
</table>

The Management Team have reviewed this report and support the recommendations.

5. **COMMUNITY VIEWS**

5.1. Groups and Organisations
The West Eyreton and Summerhill Water Supply Advisory Groups have been consulted leading up to this stage.

A letter has been sent to the Poyntzs Road scheme members in 2018 informing them that a source upgrade project is required and that Council would be in touch with them to consult in detail on the project at a later stage.

5.2. Wider Community

The proposal for engaging with the wider community is explained in the Issues and Options section, and the draft consultation material attached to this report.

6. IMPLICATIONS AND RISKS

6.1. Financial Implications

There is a total budget currently allowed of $840,000 which is currently split 50/50 between the Poyntzs Road scheme, and the District Wide UV cost centres.

Changes in rates as a result of this project depend on which funding option is adopted. The potential changes are summarised in the figure below:

![Comparison of Funding Options - Per 2 unit Connection](image)

*Figure 2: Rating Implication of Project Depending on Funding Option*

6.2. Community Implications

The key benefit of this project is to improve the quality and safety of the water supplied to the Poyntzs Road scheme members.

This project will increase the rates to the Poyntzs Road scheme members, but offers the opportunity of modest rate reductions for the West Eyreton and Summerhill scheme members, depending on which funding option is adopted.
6.3. Risk Management

The Poyntzs Road scheme currently does not comply with the protozoal requirements of the Drinking-water Standards for New Zealand (DWSNZ), and as such is deemed to present an unacceptable level of risk, which is to be addressed by this project.

While the scheme is compliant with the chemical requirements of the DWSNZ currently, the increasing nitrate levels mean that there is a risk that the scheme may not comply with these requirements in the future if the current source is retained. The proposed solution of joining with West Eyreton will address this risk.

As has been experienced with Garrymere recently, and as was experienced when Summerhill joined to West Eyreton, consultation on matters such as this can be complex, and can incur delays to the overall project if there are questions of affordability or equity. This risk has been attempted to be mitigated by the prior work being carried out with the West Eyreton and Summerhill advisory groups prior to engaging with the wider community.

The affordability issue has been improved by the new UV rating system, however not eliminated entirely. The project still results in a substantial rating increase to Poyntzs Road scheme members. This is because the project is proposed to be partially funded by the new shared rate, and partially funded by existing scheme members, rather than being completely funded by the new UV treatment rate.

6.4. Health and Safety

This project aims to address the health and safety risk associated with the current Poyntzs Road source that does not meet the DWSNZ.

7. CONTEXT

7.1. Policy

This matter does not strictly meet the requirements to be considered a matter of significance in terms of the Council’s Significance and Engagement Policy due to the relatively low number of residents affected. However, the consultation exercise proposed will be similar to the requirements for a Special Consultative Procedure.

7.2. Legislation

The Health (Drinking-water) Amendment Act is relevant in this matter. The Council is legislatively required to comply with the Drinking-water Standards, and this project presents a way to achieve this.

7.3. Community Outcomes

The following community outcomes are relevant in this matter:

- There are wide ranging opportunities for people to contribute to decision making that effects our district.

- Core utility services are provided in a timely and sustainable manner.

7.4. Delegations

This matter is within the board’s delegated authority to consider and provide a recommendation to either the Council or the Utilities and Roading Committee on.
POYNTZS ROAD WATER SUPPLY
SOURCE UPGRADE

PROPOSAL TO JOIN WITH WEST EYRETON AND SUMMERHILL SCHEMES

The Poyntzs Road water supply requires an upgrade to comply with the Drinking-water Standards for New Zealand (DWSNZ).

Following an options assessment, it has been identified that the best way to upgrade the scheme is to join it with the West Eyreton supply, which currently supplies water to the West Eyreton and Summerhill communities.

The Council is considering the best way to fund this upgrade and would like to hear your views.

Three funding options have been identified. Information on the project background and the funding options being considered has been included within this information pamphlet to allow you to make an informed submission.

There will be a public meeting to provide an opportunity to talk to staff, elected members, and the relevant advisory groups in more detail, and for the Council to answer any questions you may have.

Location: West Eyreton Community Hall

Date / Time: 7:30pm, DATE
Introduction

The Poyntzs Road water supply serves about 80 properties. Its source currently consists of a shallow well which is treated with chlorine disinfection prior to distribution to residents. While chlorine is effective at treating bacteria, it does not provide sufficient treatment against protozoa (such as giardia and cryptosporidium). For this reason an upgrade is required in order for it to be compliant with the Drinking-water Standards for New Zealand (DWSNZ).

There are two high quality and secure wells at the West Eyreton water supply headworks. These wells supply water to about 70 properties on the West Eyreton scheme, and a further 170 properties on the Summerhill scheme. The first of these deep wells was drilled in 2005, and the second completed in 2019.

It is proposed that the Poyntzs Road scheme be upgraded by joining with the West Eyreton supply. The map below gives an overview of the three schemes, and outlines the proposed new pipe route.
Why is an Upgrade Needed?

Under the Drinking-water Standards all suppliers must demonstrate compliance with the bacterial, protozoal and chemical requirements to ensure the safety of each supply. Over the last 10 years Council has been working through a series of upgrades from its largest to smallest schemes.

As the Poyntzs Road scheme does not provide treatment for protozoa, the Council is obliged under the Health Act to carry out an upgrade.

Options Assessment

An options assessment has been carried out in which a number of options were considered in order to determine the best way to complete the upgrade:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description &amp; Cost</th>
<th>Issues / Benefits</th>
</tr>
</thead>
</table>
| Drilling a new deep secure well and connect to existing scheme | Drill new deep well to find secure groundwater near existing source, so that no treatment is required | • No evidence of existing deep wells in close vicinity found. Therefore, high risk that well could be drilled without finding sufficient source of water.  
• Likelihood that in future standards treatment will be mandatory (so future additional costs likely under this option). |
|                                            | Estimated cost = $730,000*  
*if well successful, and excluding future UV treatment costs if standards change. |                                                                                        |
| Treatment of Existing Source               | Filtration and UV could be installed at the existing headworks to achieve protozoal compliance. Additional treatment (ion exchange or reverse osmosis) would likely be required for nitrate removal.  
Estimated cost > $1.0M, plus high annual operating costs. | • Filtration and UV would be successful at achieving protozoal compliance.  
• Nitrate levels on the scheme have increased and will be at risk of exceeding the maximum allowable value going forward. The cost to treat nitrates is very high, and would make this option cost prohibitive.  
• The scheme would have no backup source, and consideration would be required to drilling a second well under this option in the long term. |
| Connect to Oxford Urban Scheme             | A 12.5 km pipeline could be installed to join the Poyntzs Road scheme to the Oxford Urban scheme.  
Estimated cost $2.6M. | • The length of pipeline to connect the schemes would make this option cost prohibitive relative to the connection to West Eyreton.  
• Limited source capacity at Domain Road, may trigger another well. |
| Connect to West Eyreton scheme              | An 8.8 km pipeline could be installed and a small booster pump station constructed to join to the West Eyreton scheme.  
Estimated cost $850,000 | • There is sufficient high quality source capacity to serve all three schemes (Poyntzs Road, West Eyreton and Summerhill), taking into account 50 years’ of projected growth. |
Following the above options assessment, the option of connecting to the West Eyreton scheme was adopted by Council as the preferred upgrade option.

**Summerhill and West Eyreton Background**

The Summerhill and West Eyreton schemes have been through a similar process in the past, after it was identified that the Summerhill scheme required upgrading. This led to the Summerhill scheme joining with the West Eyreton scheme in 2012.

A number of funding options were considered for this project. Ultimately it was agreed that the schemes would remain financially separate (i.e. there still be separate rates for Summerhill and West Eyreton), but that Summerhill would make a financial contribution towards the West Eyreton scheme to reflect the infrastructure they would be sharing at the West Eyreton Headworks.

**Funding Options**

A key part of this project is determining how the work should be funded, and how this will affect rates on the various schemes.

Three funding options have been identified for consideration.

<table>
<thead>
<tr>
<th>Funding Option Description</th>
<th>Rating Impact Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Option A</td>
<td>This option would result in:</td>
</tr>
<tr>
<td>- Poyntzs Road and District UV Rate fund costs associated with the joining of the schemes ($850,000)</td>
<td>- Poyntzs Road scheme members would see an increase in rates as a result of paying for the new pipeline and pumpstation.</td>
</tr>
<tr>
<td>- No financial contribution from Poyntzs Road towards the West Eyreton or Summerhill schemes ($0)</td>
<td>- There would be no change to the West Eyreton or Summerhill rates as a result of the project.</td>
</tr>
<tr>
<td>Funding Option B</td>
<td>This option would result in:</td>
</tr>
<tr>
<td>- Poyntzs Road and District UV Rate fund costs associated with the joining of the schemes ($850,000)</td>
<td>- The increase in rates to Poyntzs Road would be greater than under Option A and Option B</td>
</tr>
<tr>
<td>- Financial contribution from Poyntzs Road for proportional share of second well cost at West Eyreton ($112,000)</td>
<td>- There would be a marginal decrease in rates to the West Eyreton and Summerhill scheme members, as a result of the financial contribution from Poyntzs Road.</td>
</tr>
<tr>
<td>Funding Option C</td>
<td>This option would result in:</td>
</tr>
<tr>
<td>- Poyntzs Road and District UV Rate fund costs associated with the joining of the schemes ($850,000)</td>
<td>- The increase in rates to Poyntzs Road would be greater than under Option A and Option B</td>
</tr>
<tr>
<td>- Financial contribution from Poyntzs Road for proportional share of second well cost at West Eyreton ($112,000)</td>
<td>- The decrease in West Eyreton and Summerhill rates would be marginally greater than under Option B, as a result of the financial contribution from Poyntzs Road.</td>
</tr>
<tr>
<td>- Financial contribution from Poyntzs Road for proportional share of costs for original headworks site ($87,000)</td>
<td></td>
</tr>
</tbody>
</table>

*See following section for explanation of District UV Rate*
The graph below shows how the funding options considered will affect the rates on the three schemes. There are a number of different connection sizes among the schemes depending on individual circumstances. The graph presents annual rates for a 2-unit (2,000 litre per day) connection for comparative purposes. Graphs with the same relative difference have been attached for 4 unit and 19 unit connection sizes as examples for other common connection sizes.

![Comparison of Funding Options - Per 2 unit Connection](image)

**Council UV Treatment Rate and Impact on Poyntzs Road Project**

Following the Havelock North Drinking-water Contamination event in 2016, there was an inquiry into drinking-water in New Zealand. As a result of this inquiry it is expected that over the coming years, ultra-violet (UV) treatment will be required to be applied to all public drinking-water supplies across the district. Budgets to do this were introduced as part of Council’s 2018-28 Long Term Plan.

The Council acknowledged that these UV treatment costs could have a significant rating impact on some small schemes. To address this, a common UV treatment rate has been introduced in which all water supply ratepayers will be charged a uniform annual amount for UV treatment costs. This essentially means that the costs of UV treatment are shared across the district, rather than being targeted on a scheme by scheme basis. Generally this is beneficial to smaller schemes, by spreading costs across the district.

As the proposal of joining the Poyntzs Road scheme to the West Eyreton scheme is being done as an alternative to providing UV treatment at the Poyntzs Road source, the project qualified to be partially funded through the UV rate (based on a 50-50 cost share). This is reflected in the rating impact presented. If the UV treatment rate had not been adopted by the Council, the rating impact to the Poyntzs Road scheme would have been greater than what is currently presented.
What Next?

The Council would like to hear your views on the information presented, and which funding option you prefer.

To help you make an informed submission, a public meeting will be held where staff will present information on the project, and residents will be given the opportunity to ask questions.

The consultation phase will consist of the following key events:

- Public consultation period opens xxxx with distribution of information to residents.
- A public meeting will be held on xxxx at 7:30pm at the West Eyreton Community Hall.
- Submissions will close on xxxx.
- The West Eyreton and Summerhill water supply advisory groups, the Rangiora-Ashley Community Board, and the Oxford Ohoka Community Board will consider the feedback received before making a recommendation to Council on how to proceed.
- The Council will consider all feedback and submissions, before making a final decision on the way forward for the project.

Following consultation, and once Council has made a decision, the project will move into the detailed design, tendering and construction phase. It is anticipated that all works will be completed by December 2020 (subject to agreement to funding approach being agreed and adopted by Council in early 2020).

We look forward to seeing you at the public meeting, and receiving your submission. Make sure your submission reaches us by xxxx.
Feedback form

Name: _______________________________
Address: ___________________________

Water scheme you are on (pick one):
☐ Poyntzs Road
☐ Summerhill
☐ West Eyreton

Your feedback is important to us. We want to hear which funding option you prefer for the proposal to join the Poyntzs Road scheme to the West Eyreton scheme:

☐ I support Funding Option A (no contribution from Poyntzs Road to West Eyreton and Summerhill schemes).
☐ I support Funding Option B (contribution from Poyntzs Road towards second well at West Eyreton headworks)
☐ I support Funding Option C (contribution from Poyntzs Road towards second well at West Eyreton headworks and towards original headworks infrastructure)

Comments:
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

*ADD MORE COMMENTS ON REVERSE IF REQUIRED

If you have any comments or questions regarding this proposal, come and see us at the Public meeting on DATE, or please contact:

Colin Roxburgh, Water Asset Manager 0800 965 468 colin.roxburgh@wmk.govt.nz

Please return this feedback from (no stamp required) back to us by DATE. You can also give us your feedback online at waimakariri.govt.nz/letstalk
Attachments:
Summary of rating impact depending on connection size:
Comparison of Funding Options - Per 19 unit Connection

Insert table showing cost estimate summary
WAIMAKARIRI DISTRICT COUNCIL
MEMO

FILE NO AND TRIM NO: WAT-05-19-07-02 / 181023123561
DATE: 26 October 2018
MEMO TO: West Eyreton and Summerhill Water Supply Advisory Groups
FROM: Colin Roxburgh, Water Asset Manager
SUBJECT: Questions from Water Advisory Group Meeting 07/02/18 with Council responses

At the meeting with the West Eyreton and Summerhill Water Supply Advisory Groups, held on 7 February 2018 at the Rangiora Service Centre, a number of queries were raised. This memorandum has been prepared to document responses to these queries to allow discussions with the groups to progress.

Although the discussion was primarily regarding the potential for Poyntzs Road scheme to physically join the West Eyreton and Summerhill schemes, initial queries related to system operation and the back-up well currently being constructed near the West Eyreton Headworks were also discussed.

1. **High level description of existing water supply**

   The primary supply for the West Eyreton and Summerhill water supplies is a circa 100m deep well at West Eyreton headworks. The well pump in this well conveys water to two plastic tanks at the headworks, where chlorine is added before surface pumps convey water for West Eyreton into the distribution network and water for Summerhill to the Hunters Glen tanks, via the Davis Road pumping station. Council’s chlorination strategy requires that all restricted schemes (where water is conveyed to private tanks within private property) use chlorine to provide residual disinfection.

   Prior to the drilling of the deep well, water was sourced from a shallow well (circa 15m deep) which did not comply with Drinking Water Standards for New Zealand (DWSNZ). Following construction of the deep well the shallow well was retained for an emergency back-up only.

2. **Second Deep Well**

   2.1. **Description**

   A second deep well (circa 100m deep) has been drilled and consented at the headworks site, approximately 80m west of the original deep well. The intention of this well was primarily to provide redundancy such that if there are any issues with either of the deep sources the other can be used rather than relying on the shallow well to provide backup. The well head is to be constructed in November, and it is expected that this well will come online either later November or early December.

   2.2. **Capacity**

   The capacity of the two deep wells is summarised below. The capacity has been split into the capacity of the well (based on the aquifer parameters and the size of pump that could be installed within the well casing), the capacity of the existing well pump, and the resource consent limit.
Table 1: Well capacity summary

<table>
<thead>
<tr>
<th>Site</th>
<th>Well Capacity</th>
<th>Current Pump Capacity</th>
<th>Resource Consent Limit*</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Deep Well (M35/9566) 200mm diameter</td>
<td>23 L/s³</td>
<td>15 L/s</td>
<td>25 L/s</td>
<td>- 15,120m³ per 7 days (25 L/s) - 311,040m³ per 150 days (24 L/s) - 445,000m³ per year (14 L/s)</td>
</tr>
<tr>
<td>New Deep Well (BW23/0480) 300mm diameter</td>
<td>&gt; 40 L/s²</td>
<td>27 L/s</td>
<td>37 L/s</td>
<td></td>
</tr>
</tbody>
</table>

1. refer consent CRC186214 for consent conditions.
2. this is the maximum flow rate that this well was tested to, but it may have been able to produce a higher yield with a larger test pump.
3. if pump size increased to SP77-7 26kW (diameter 186mm which would fit in 200mm casing)

2.3. Costs

The budget set to provide the backup well was $590,000. All costs for the project have now been confirmed, with the total costs summarised below:

Table 2: Summary of Actual Costs for West Eyreton Second Deep Well

<table>
<thead>
<tr>
<th>Item</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well drilling and development</td>
<td>$112,400</td>
</tr>
<tr>
<td>Resource consent</td>
<td>$11,500</td>
</tr>
<tr>
<td>Well head construction</td>
<td>$93,800</td>
</tr>
<tr>
<td>Electrical</td>
<td>$72,900</td>
</tr>
<tr>
<td>Pipe connection</td>
<td>$34,000</td>
</tr>
<tr>
<td>Site works (entranceway / fencing)</td>
<td>$25,300</td>
</tr>
<tr>
<td>Professional fees</td>
<td>$51,600</td>
</tr>
<tr>
<td>Total Actual Costs</td>
<td>$401,500</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$590,000</td>
</tr>
</tbody>
</table>

The split of costs between schemes is summarised below. The split of costs was originally split approximately 33% West Eyreton 67% Summerhill.

The question was raised by the advisory groups at the February 2018 meeting as to why it was not proposed that the Poyntzts Road scheme pay a contribution towards the Summerhill and West Eyreton schemes to offset the recent investment in the new well. It was agreed that an option would be presented to show a potential contribution by the Poyntzts Road scheme to this well.
Table 3: Cost sharing options for new well

<table>
<thead>
<tr>
<th></th>
<th>Second Deep Well Budget</th>
<th>Actual (current)</th>
<th>Actual (if Poyntzs contributes)</th>
<th>Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Eyreton Share</td>
<td>$ 190,000</td>
<td>$ 132,500</td>
<td>$100,400</td>
<td>72 (22%)</td>
</tr>
<tr>
<td>Summerhill Share</td>
<td>$ 400,000</td>
<td>$ 269,000</td>
<td>$200,700</td>
<td>173 (53%)</td>
</tr>
<tr>
<td>Poyntzs Road Potential Share</td>
<td>$ -</td>
<td></td>
<td>$100,400</td>
<td>83 (25%)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 590,000</td>
<td>$ 401,500</td>
<td>$ 401,500</td>
<td>328</td>
</tr>
</tbody>
</table>

*cost split rounded to 25% West Eyreton, 50% Summerhill, 25% Poyntzs Road*

3. **Funding Approach for Poyntzs Road Connection**

Based on the feedback received, 3 potential options have been derived to show the way in which the proposed combined scheme could be rated:

**Option A**: Poyntzs Road scheme covers all costs associated with the upgrade such that West Eyreton and Summerhill rates do not change as a result of Poyntzs Road joining. This will result in an increase in the Poyntzs Road rates, and no change in the West Eyreton or Summerhill rates relative to the schemes staying separate.

**Option B**: Poyntzs Road scheme covers all costs associated with the upgrade, plus pay a contribution to the new backup well. This would result in:

- An increase in Poyntzs Road rates over and above Option A
- Moderate reduction in West Eyreton and Summerhill rates relative to Option A (due to contribution received from Poyntzs Road).

The contribution to be made by Poyntzs Road towards West Eyreton and Summerhill under this option would be $100,400 (as per Table 3).

**Option C**: Poyntzs Road scheme covers all costs associated with the upgrade, a contribution towards the new back-up well, and a contribution towards the existing headworks. This would result in:

- An increase in Poyntzs Road rates over and above Option A and Option B
- Moderate reduction in West Eyreton and Summerhill rates relative to Option A and Option B (due to increased contribution received from Poyntzs Road).

In 2009 Summerhill contributed $141,000 for 137 connections to join the scheme. This sum was agreed by the two advisory groups based on Summerhill sharing the existing well, land, building and associated infrastructure at the West Eyreton headworks (refer 090429011832 for copy of agreement). In order to calculate the contribution for Poyntzs Road as per Option C, the same rate per property was assumed ($1,030 per property contribution to give combined scheme contribution of $86,500, over and above contribution for Option B).

These rating options are presented below. It is noted that projecting future rates carries some uncertainty, however the projections are suitable for demonstrating the relative impact of the various options considered.
Table 4: Projected Rating Impact of Funding Options

<table>
<thead>
<tr>
<th></th>
<th>Current Rates 2018/19</th>
<th>Future 2021/22 Rates (if no Poyntzs Road source upgrade)</th>
<th>Estimated Rates for Year 2021/22 (after schemes joined)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>A – Poyntzs Road covers all costs of the Upgrade</td>
<td>B – Poyntzs Road covers all costs of the Upgrade and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>contributes to back-up well</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>C – Poyntzs Road covers all costs of the Upgrade and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>contributes to back-up well and existing infrastructure</td>
</tr>
<tr>
<td>West Eyreton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Connection</td>
<td>$734</td>
<td>$809</td>
<td>$809 $782 $759</td>
</tr>
<tr>
<td>Per Unit</td>
<td>$71</td>
<td>$79</td>
<td>$79 $76 $74</td>
</tr>
<tr>
<td>2 unit property</td>
<td>$876</td>
<td>$967</td>
<td>$967 $935 $907</td>
</tr>
<tr>
<td>4 unit property</td>
<td>$1,018</td>
<td>$1,125</td>
<td>$1,125 $1,088 $1,056</td>
</tr>
<tr>
<td>Summerhill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Connection</td>
<td>$921</td>
<td>$1,211</td>
<td>$1,211 $1,188 $1,167</td>
</tr>
<tr>
<td>Per Unit</td>
<td>$104</td>
<td>$137</td>
<td>$137 $135 $132</td>
</tr>
<tr>
<td>2 unit property</td>
<td>$1,129</td>
<td>$1,486</td>
<td>$1,486 $1,457 $1,432</td>
</tr>
<tr>
<td>4 unit property</td>
<td>$1,337</td>
<td>$1,760</td>
<td>$1,760 $1,726 $1,696</td>
</tr>
<tr>
<td>Poyntzs Road</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Connection</td>
<td>$544</td>
<td>$691</td>
<td>$1,493 $1,561 $1,620</td>
</tr>
<tr>
<td>Per Unit</td>
<td>$32</td>
<td>$43</td>
<td>$93 $97 $101</td>
</tr>
<tr>
<td>2 unit property</td>
<td>$608</td>
<td>$777</td>
<td>$1,679 $1,756 $1,822</td>
</tr>
<tr>
<td>4 unit property</td>
<td>$672</td>
<td>$863</td>
<td>$1,865 $1,950 $2,024</td>
</tr>
<tr>
<td>19 unit property</td>
<td>$1,152</td>
<td>$1,508</td>
<td>$3,260 $3,409 $3,538</td>
</tr>
</tbody>
</table>

The following graph shows the relative rates between schemes for the options considered:

![Comparison of Costs for 2 unit Property](image)

Figure 1: Comparison of Rates for 2 unit Properties

4. **Capacity Assessment if Poyntzs Road Joins**

Questions were raised by the advisory groups as to whether there would be sufficient source capacity, should the Poyntzs Road scheme join the West Eyreton and Summerhill schemes. There were also questions about how many new connections were allowed for on each scheme, and also what the allocation of water between schemes is.
An explanation of the process for determining the number of connections, projected flow, and the required source capacity for the scheme is presented below.

4.1. Current and Future Demand

The amount of source capacity required depends on the amount of connections to the scheme, the demand per connection, and the storage provided.

4.1.1. Projections for number of connections and units

The process for predicting future flows is outlined in the 50 Year Water and Sewer Growth Forecast Report (171108121120). The following factors were considered when projecting future connections and therefore flow numbers throughout the district:

- Waimakariri Interim Growth population projections (scenario 3)
- Existing connections & rating charges
- Consents and plans for development areas
- WDC staff knowledge of development areas
- Statistics New Zealand 2013 census population projections
- Draft Waimakariri 2048 District Development Strategy
- Past connections & rating charges
- Infill investigation figures

Specifically in the case of the future growth projections for Summerhill, West Eyreton and Poyntzs Road the following number of new connections were assumed over 50 years:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Current Conn.s</th>
<th>Current Units</th>
<th>50 Year Conn.s</th>
<th>50 Year Units</th>
<th>Increase Conn.s</th>
<th>Increase Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summerhill</td>
<td>173</td>
<td>511</td>
<td>290</td>
<td>857</td>
<td>117</td>
<td>346</td>
</tr>
<tr>
<td>West Eyreton</td>
<td>70</td>
<td>249</td>
<td>116</td>
<td>341</td>
<td>46</td>
<td>92</td>
</tr>
<tr>
<td>Poyntzs</td>
<td>84</td>
<td>467</td>
<td>140</td>
<td>467</td>
<td>56</td>
<td>40</td>
</tr>
</tbody>
</table>

*Growth Forecast Report assumed no new units on Poyntzs Road, as it was assumed new connections achieved by subdividing existing 19 unit connections. However, 40 new units (20 connections) have been assumed in table over and above this.

It can be seen that it has been assumed there will be 117, 46 and 56 new connections over 50 years on the Summerhill, West Eyreton and Poyntzs Road schemes respectively.

On Summerhill the existing number of units per connection of approximately 3 was assumed to remain constant as growth occurs, based on an expected mixture of farming activities and lifestyle blocks (with lifestyle blocks typically requiring 2 units, and farming activities sometimes more than this depending on use). For West Eyreton it was assumed that the majority of new connections would be 2 unit ‘lifestyle block’ connections.

In the case of Poyntzs Road it was assumed that development would generally occur by existing 19 unit connections subdividing down to 2 unit properties. Therefore in the Growth Forecast Report (171108121120) for Poyntzs Road the number of connections is projected to increase, but not the total number of units allocated. This however does not allow for any new connections outside the existing scheme extents. Therefore, to ensure that this is accounted for, an additional 40 units have been assumed over and above that in the Growth Forecast Report.

4.1.2. Calculation of required source capacity
The following current and future flows are expected for the schemes based on the current and future numbers of connections. This is represented in terms of Average Daily Flow (ADF), Peak Daily Flow (PDF) and Peak Hourly Flow (PHF):

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Current (L/s)</th>
<th>50 year (L/s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ADF PDF PHF</td>
<td>ADF PDF PHF</td>
</tr>
<tr>
<td>Poyntzs Rd*</td>
<td>1.5 2.7 3.1</td>
<td>1.8 3.2 3.6</td>
</tr>
<tr>
<td>West Eyreton</td>
<td>1.2 2.1 2.3</td>
<td>1.8 3.3 3.3</td>
</tr>
<tr>
<td>Summerhill</td>
<td>3.3 5.5 7.1</td>
<td>5.9 10.1 10.1</td>
</tr>
<tr>
<td>Total Demand</td>
<td>6.0 10.3 12.5</td>
<td>9.5 16.6 17.0</td>
</tr>
</tbody>
</table>

*Poyntzs Road future flows scaled up to allow for additional 40 units over and above those in the Growth Forecast Report.

The required source capacity is somewhere between the peak daily flow and the peak hourly flow, depending on the amount of storage provided. If there is ample storage, the required source capacity is equivalent to the peak daily flow, while if there is no storage the required source capacity is equal to the peak hourly flow.

In the case of restricted schemes which have a relatively flat daily flow profile, providing additional storage does not tend to significantly reduce the amount of source capacity required. Therefore, in the case of the potential combined Poyntzs Road, West Eyreton and Summerhill scheme it can be concluded that the required source capacity shall be equivalent to the projected peak hourly flow for the scheme.

Therefore, presently the source capacity would be required to be 12.5 L/s, and in the future it is projected to be 17.0 L/s.

4.2. Comparison of Demand versus Source Capacity

The required source capacity versus actual source capacity is compared below:

- **Current scenario:** The required source capacity requirement of 12.5 L/s can be provided by either the current deep well (capacity of 15 L/s) or the new deep well (capacity of approximately 27 L/s)
- **Future scenario:** The projected future source capacity requirement of 17.0 L/s could be provided by the current deep well if the well pump is upgraded to achieve a capacity of 23 L/s or by the new deep well with a capacity of approximately 27 L/s).

Based on the above, it is concluded that there is adequate source capacity to accommodate the Poyntzs Road water supply scheme to the wider West Eyreton – Summerhill scheme.

4.3. Allocation of water between schemes

A question was raised regarding the allocation of water between schemes. It is noted that historically it was agreed between the West Eyreton and Summerhill Water Supply Advisory Groups that the water allocation would be 51% West Eyreton to 49% Summerhill (record number 090429011832). Ultimately this recommendation from the advisory groups to Council was not adopted by Council, as there is no official owner of unallocated capacity at any given water source. However, in this instance assessments into future growth capacity have indicated that source capacity will not be a limitation on growth on either the Summerhill or the West Eyreton schemes up to and beyond the 50 year horizon.

4.4. 19 unit Connections on Poyntzs Road Scheme

181023123561
Concerns were raised about the 14 properties currently connected to the Poyntzs Road water supply scheme that have 19 unit connections, and the impact that they could have on the source capacity. In order to compare the volume of water consumed per connection on the three schemes considered, the following table was produced:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Average Daily Flow (m³/connection/day)</th>
<th>Peak Daily Flow (m³/connection/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poyntzs Road</td>
<td>1.6</td>
<td>2.8</td>
</tr>
<tr>
<td>West Eyreton</td>
<td>1.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Summerhill</td>
<td>1.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>

As is demonstrated above, the Poyntzs Road scheme has very comparable water consumption per connection statistics to both West Eyreton and Summerhill, despite the 19 unit connections. The reason is that these 19 unit connections were installed initially to allow properties to connect without private tanks, rather than due to high demand per property.
# WAIMAKARIRI DISTRICT COUNCIL

## REPORT FOR INFORMATION

**FILE NO:** GOV-18 / 191011142300  
**REPORT TO:** Council  
**DATE OF MEETING:** 5 November 2019  
**FROM:** David Ayers, Mayor  
**SUBJECT:** Mayor’s Diary Tuesday 24 – Saturday 12 October 2019

## 1. SUMMARY

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday 24 September</td>
<td>Compass FM Interview</td>
</tr>
<tr>
<td></td>
<td>Youth Council Meeting</td>
</tr>
<tr>
<td></td>
<td>Oxford Community Trust 25 Years and AGM</td>
</tr>
<tr>
<td>Wednesday 25 September</td>
<td>Canterbury Museum Trust Board Seminar</td>
</tr>
<tr>
<td></td>
<td>Enterprise North Canterbury Board Meeting</td>
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<tr>
<td></td>
<td>Spoke to Rangiora Salvation Army Men's Tea</td>
</tr>
<tr>
<td>Thursday 26 September</td>
<td>Multi-Use Sports Facility Project Steering Group meeting</td>
</tr>
<tr>
<td>Friday 27 September</td>
<td>Interview with David Hill - North Canterbury News</td>
</tr>
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<td>Interview with Jo Bailey for Essence</td>
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<td></td>
<td>Community Farewell Morning Tea, Rangiora RSA</td>
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<td>Function for 70th anniversary of the founding of the People’s Republic of China</td>
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<tr>
<td>Saturday 28 September</td>
<td>Visited Kaiapoi Anglican Book Fair</td>
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<tr>
<td>Monday 30 September</td>
<td>Visited Older Persons’ Expo, Papanui</td>
</tr>
<tr>
<td>Tuesday 1 October</td>
<td>Compass FM Interview</td>
</tr>
<tr>
<td>Date</td>
<td>Event</td>
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<tr>
<td>Wednesday 2 October</td>
<td>Greater Christchurch Partnership Discussion with Bill Wasley</td>
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<td>Road Safety Co-ordinating Committee Meetings 2019</td>
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<td>Ceremony at Christchurch RSA to commemorate Queen Elisabeth of Belgium medal recipients from World War I</td>
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<tr>
<td>Thursday 3 October</td>
<td>Citizenship Ceremony</td>
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<td>Arctic Voices Exhibition Event at the Canterbury Museum</td>
</tr>
<tr>
<td>Friday 4 October</td>
<td>Interview with David Hill - North Canterbury News</td>
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<tr>
<td></td>
<td>Attended Craig Sargison's Farewell Morning Tea</td>
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<tr>
<td>Saturday 5 October</td>
<td>With Deputy Mayor Kevin Felstead, Bahá’í Tree Planting in Dudley Park</td>
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<td></td>
<td>Attended funeral of Mahara Te Aika, Tuahiwi</td>
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<td>Woodend Spring Flower Show</td>
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<tr>
<td>Monday 7 October</td>
<td>Roy Adams Double Gold Star, Kaiapoi VFB</td>
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<td>Age–friendly Waimakariri, Community Steering Group</td>
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<td>Kaiapoi Mill discussion on-site</td>
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<tr>
<td>Tuesday 8 October</td>
<td>Compass FM Interview</td>
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<tr>
<td>Wednesday 9 October</td>
<td>Attended Misco Joinery presentation on Solar Power</td>
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<td>Attended naming of Thérèse Angelo Wing at RNZAF Museum, Wigram</td>
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<tr>
<td>Thursday 10 October</td>
<td>Art on the Quay Opening, Kaiapoi</td>
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<tr>
<td>Friday 11 October</td>
<td>Staff Farewell morning Tea.</td>
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<td></td>
<td>Canterbury Country Cricket Opening Luncheon, MainPower Oval</td>
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<tr>
<td>Saturday 12 October</td>
<td>Passchendaele Service at Rangiora Cenotaph</td>
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</tbody>
</table>

**THAT** the Council:

a) **Receives** report No. 191011142300.
David Ayers
MAYOR
### WAIMAKARIRI DISTRICT COUNCIL

**REPORT FOR INFORMATION**

**FILE NO:**  GOV-18 / 19103015493  
**REPORT TO:**  Council  
**DATE OF MEETING:**  5 November 2019  
**FROM:**  Dan Gordon, Mayor  
**SUBJECT:**  Mayor’s Diary Monday 14 – Sunday 3 November 2019

### 1. SUMMARY

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monday 14 October</td>
<td>Meetings : Chief Executive Jim Palmer and Management Team</td>
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<tr>
<td>Tuesday 15 October</td>
<td>New Elected Members meet and greet</td>
</tr>
<tr>
<td>Wednesday/Thursday 16/17 October</td>
<td>Meetings: One to one meetings with Councillors</td>
</tr>
</tbody>
</table>
| Thursday 17 October   | Interview with Emma Dangerfield, Stuff News  
                        | AGM of North Canterbury Sport and Recreation Trust                  |
| Friday 18 October     | Interview with David Hill, North Canterbury News  
                        | Meeting : Fred Rahme and Jack Lim re Silverstream Development  
                        | Royal Commonwealth Society Investiture Ceremony                    |
| Saturday 19 October   | Opening of Kaiapoi BMX Track                                           |
| Sunday 20 October     | Meeting : Claire McKay, Environment Canterbury Councillor  
                        | Clarkville Hall Centennial Afternoon Tea                           |
| Monday 21 October     | Meeting : Gareth Hughes MP and Colin Wightman with  
                        | Cr Neville Atkinson re Eco Cottages                                |
| Tuesday 22 October    | Meeting with Marie Black, Mayor of Hurunui District  
                        | New Council Planning day                                           |
| Wednesday 23 October  | New Council Planning Day  
                        | AGM of Wellbeing North Canterbury                                   |
| Thursday 24 October   | Attended Council All Teams Meeting  
                        | Interview with David Hill, North Canterbury News  
                        | Town Association Chairs’ Meeting  
                        | House of Travel office opening  
                        | WaiYouth Centre Stage                                                  |
| Friday 25 October     | Meeting : Inspector Peter Cooper, Canterbury Rural Area  
                        | Commander NZ Police  
                        | Meeting : Sam Broughton, Mayor of Selwyn District  
                        | Enterprise North Canterbury Board members meet and greet  
<pre><code>                    | Inaugural Council meeting                                              |
</code></pre>
<table>
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<td>Northern A&amp;P Show</td>
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<tr>
<td>Monday 28 October</td>
<td>Interview with Emma Dangerfield, Stuff News</td>
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<tr>
<td>Tuesday/Wednesday</td>
<td>LGNZ Mayors' Induction Workshop, Wellington</td>
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<tr>
<td>29/30 October</td>
<td>Rangiora Promotions Last Wednesday Club Rangiora-Ashley Community Board Inaugural meeting</td>
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<tr>
<td>Wednesday 30 October</td>
<td>Rangiora-Ashley Community Board Inaugural meeting</td>
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<tr>
<td>Thursday 31 October</td>
<td>Woodend-Sefton Community Board Inaugural meeting</td>
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<td>Rangiora Structure Plans/RTC Strategy Review</td>
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<td></td>
<td>Christmas Country Fete, Lyddington Garden, Fernside Waimakariri Light Party</td>
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<tr>
<td></td>
<td>Kaiapoi-Tuahiwi Community Board Inaugural meeting</td>
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<tr>
<td></td>
<td>Oxford-Ohoka Community Board Inaugural meeting</td>
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<tr>
<td>Friday 1 November</td>
<td>New Elected Members District Bus Trip North Canterbury Sport and Recreation Trust Awards</td>
</tr>
<tr>
<td>Saturday 2 November</td>
<td>CRAC Club Rangiora Airfield Open Day Kaiapoi RSA Centennial Parade Kaiapoi RSA Centenary Dinner and Awards</td>
</tr>
<tr>
<td>Sunday 3 November</td>
<td>Kaiapoi RSA Centennial Ecumenical Service Opening of expanded Pegasus Community Centre</td>
</tr>
</tbody>
</table>

**THAT** the Council:

a) **Receives** report No. 19103015493.

Dan Gordon  
MAYOR